# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES



**January 15, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
January 15, 2013

AIRPORT COMMISSION MEETING MINUTES
January 15, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of December 18, 2012 were adopted unanimously.

No. 13-0001

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D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

1. Retirement Resolution - Esther Teel

No. 13-0002 Resolution thanking Ms. Esther Teel for more than twelve (12) years of dedicated service to the City and County of San Francisco, and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said Esther Teel is retiring after almost 13 years of service to the Airport. She works as a Secretary in the Airport's Office Revenue Development and Management. A very personal interaction with staff and Airport tenants in promoting good relations, and we thank her for her outstanding service.

The Commission congratulated Ms. Teel on her retirement.

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E. ITEMS INITIATED BY COMMISSIONERS:
Commissioner Stern mentioned the news reports today stating Supervisor Compos' intention to recommend to the Board of Supervisors that San Francisco International Airport be named after former Supervisor Harvey Milk. Is that something that's been considered before? Who are the other people that should be considered for the naming

of the Airport? Is there any consideration for naming a building?

Commissioner Guggenhime said that he goes back a long way on various Commissions and when I was on the Parking Authority my recollection is that he had a terrific interest in downtown parking. So, my view then is that his interest to the Airport was insignificant and that if we're going to do something, we should do something regarding parking and office buildings which would signify his areas of interest. My recollection is that he didn't want any more parking structures in the downtown area.

The other issue is that if you want to build a building in the City, you get an EIR (Environmental Impact Report) to determine the impact. It seems to me that if you're going to think about naming the Airport after someone we ought to do an economic cost study to see what a name attached to an Airport ... any name, be a Dianne Feinstein, George Mascone, Joe Alioto, George Christopher, Nancy Pelosi. I mean they've all done a tremendous amount for the Airport. Harvey's interest, in my mind, was not in the Airport so it seems to me if you're going to consider a naming opportunity you just don't go right into it, you need to do some sort of study. And if my recollection is correct, Seattle changed its name to the Senator Henry Scoop Jackson Airport, but subsequently returned to Seattle Tacoma International Airport because they viewed it as an economic impact. And Denver dropped the name Stapleton from their Airport.

It seems to me that this is such a major step. You vote on it one day and do it the next week. You need to thoroughly examine it and consider the impact on everybody.

Commissioner Johns agreed with Commissioner Guggenhime. This is so short sited for a member of the Airport Commission to wake up and see it in the morning paper, and not have heard anything about it beforehand. I think everything that Commissioner Guggenhime said must be considered and this should become a unanimous thing if it ever happens. It should not be a political fight. There is a process so I hope that when the Supervisors meet on this issue ... and I understand that it is being brought before the Board today ... that they will consider the process that needs to happen.

Commissioner Crayton also agreed with everything that has been said. I'm glad that Commissioner Stern brought this up. I heard very early this morning some mention of SFO and wondered what could have happened between last night and today that I was not aware of. I feel that certainly there needs to be a process. As was stated earlier, there are so many that have given to the Airport and have provided support to the Airport and when you start naming something of this significance after an individual it takes on a whole other history in it of itself. I think we need to be very careful as we open up this new terrain and look at it very carefully. It's not something that could be done overnight, in the next month, in the next year, for whatever gain this was suppose to bring about. This is not something that should be rushed into.

Commissioner Mazzola agreed. Airports should be untouchable and should not be named after anyone. I was on a committee to name SFO after Joe Alioto. I heard all of the arguments and I learned what it would do to people overseas, or people who don't know who these folks are, and then I changed my mind. Airports shouldn't be named for anyone. I knew Harvey Milk. I'm not quite as old a friend, but pretty close. I was a Golden Gate Bridge Director when Harvey was a Supervisor and he was a great leader. I think there have been plenty of great leaders from San Francisco and the Bay Area

and I don't think any of them should bare the name at the Airport. I think there should be other ways to honor them. So, John I think maybe this Commission should have a public hearing on the matter and let's see what people would tell us or what they want to say and that way we can pass that on to the Board. I know the Board will have its own hearing in a Rules Committee and I don't know if we wait until after that. Will you look into the matter of us having a meeting about this.

Mr. Martin said I will schedule that.

Commissioner Crayton said that as Commissioners, we do not want this to be a divisive matter for the City. It's very important to understand that we, as our President just stated, honor and do pay homage to the gentleman whose name was put forth, but as a City. We are the SFO Airport.

Commissioner Guggenhime said you know you think about naming buildings ... what about the Harvey Milk Tower.

Commissioner Crayton ... or a room.

Commissioner Mazzola asked if anyone has given any thought to naming anything after the President of the Commission?

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 2 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

2. Modification No. 2 to Contract No. 3590C - RSA South Field Drainage Improvement - Disney Construction - $3,457,918

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| No. 13-0003 | Resolution approving Modification No. 2 to Contract 3590C, RSA South Field drainage Improvement, with Disney Construction in the amount of $3,457,918, for a new contract amount of $17,242,032 to provide for significant unforeseen underground conditions, and to increase the contract time by 191 calendar days. |

Mr. Ivar Satero, Deputy Director, Design and Construction said this contract was awarded in February 2012 and was the first construction contract awarded for the Phase One scope of work related to the Airport's Runway Safety Area (RSA) program. It provides for that major drainage relocation scope of work at the approach end of the 1/19 runways. To prepare that area for the follow on RSA's construction and the EMASS installation.

Modification No. 1 to this contract provided for additional contaminated soils removal that was much more extensive than anticipated, and that contaminated soil remediation caused about a three month delay in the overall contract. This contract is now forced into the rainy season, so this modification provides for a

time extension to accommodate the delay, to accommodate additional, non critical work and achieve contract final completion. There are also costs in the neighborhood of $350,000 to allow us to work through the rainy season and keep on schedule so that it does not impact the overall RSA program.

This modification also provides for costs associated with the installation of the 72 inch reinforced concrete pipe scope of work, which was a major excavation 20 feet deep, 12 foot wide. It was anticipated that much of the excavated material would be able to be reused for backfill. We determined at the beginning of the installation of this pipeline that the material was unsuitable so we had to completely excavate and off haul this material. That was a major bust in that bid item quantity. The original estimate was in the neighborhood of15,000 cubic yards, but the actual off haul was in the neighborhood of about 60,000 cubic yards, so much more extensive. It is a unit price bid item at $40 per cubic yards and we anticipate that there will be renegotiations because of the extensive amount of off haul that we had to do.

Also related to soil conditions, we've had to redesign the pump station wet-well. We've thickened the walls and revised the electrical and mechanical systems for the system as well in order to ensure the long term serviceability and reliability of that pump station.

Funding for this modification will come out of program reserves. Disney is committed to achieving or exceeding the best efforts score of 14%.

Commissioner Johns said we discussed this but I wanted to say on the record that this is a very important project and I'm going to vote for it. We need to go ahead, but I think that we were a little short sided in doing the proper core sampling for this project. In some of our estimates it affected not only the soil conditions that we have to redesign because of the conditions that you found once you started digging. Is that correct?

Mr. Satero replied that's correct Commissioner.

Commissioner Johns said that in the future we shouldn't rush. We need to do all of the proper preliminary investigation for the estimate and put out the RFP/Qs.

Mr. Satero said this was a risky contract and we could have done more borings along the length of that 72 inch which would have given us more reliable information.

Commissioner Johns replied especially when you're dealing with wetlands in that area.

Commissioner Crayton said that there were a number of unforeseen conditions that, even with proper sampling it may have uncovered some things, but you just don't know until you get started. So, even though with the first Modification, which was $550,000, going further down, you found these things. I believe that in the first contract you let us know that some of this would be forthcoming. I thought it was a large amount, but I do remember having had this discussion.

Item No. 3 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

3. Modification No. 5 (Trade Bid Package Set H) to Contract 8974B - Design-Build for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - $11,625,315

No. 13-0004 Resolution approving Modification No. 5, adding Trade Bid Package Set H to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in an amount of $11,625,315 for a new total contract amount of $75,641,836.

Mr. Satero said that this trade bid package primarily provides for the architectural interior scope of work as well elevators and the building fenestrations. In accordance with the Administrative Code, these trade bid packages were bid to a minimum of three pre-qualified bidders or directly negotiated with firms within the 7.5% allowance authorized by the Administrative Code. In general, trade bid package Set H performed well in comparison to the Engineer's estimate, however there were several outliers and a bust between the estimate and the low bid, particularly with the interior framing drywall and installation and doors and hardware, as well as millwork. In doing our postmortem on this, it appears that we were bidding a scope of work that had developed from the previous estimated scope of work. So there was a discrepancy in what the estimate was based on. We're working to improve that process. We've run into this before and it appears that we need to work through what a range of bids would be because it's difficult to keep estimating that package right at the time when it goes out to bid. We're working on a process to give more reliability, in particular to some of these that have such an extensive delta. Thirty percent is too much for us to work with. We'll explain what we're doing about this in future contracts, but I think it will probably be taking the contingency that we set aside for design development and adding that into these estimates to help develop a range of anticipated bids.

We reviewed the bids and determined that they are responsive and appropriately reflect the agreed upon scope of work. The proposed award is within the overall budget for this work. We are increasing the contract budget to accommodate some recent requests by the airlines, resolve some operational issues and upgrade system infrastructure that is driven by the bulk of the building expansion to accommodate all of our concession program and seating requirements.

We are forecasting a cost of completion of just under the budget of $108 million. Hensel Phelps is committed to achieving 37% LBE participation under this Modification and 16% LBE on the overall contract.

Item No. 4 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

4. Modification No. 1 to Contract No. 8994 - Staff and Manage the Airport's Curbside

Management Program - FSP PPM Management, LLC - $4,617,000

No. 13-0005 Resolution approving Modification No. 1 to Contract No. 8994 with FSP PPM Management, LLC, authorizing the first of three, one-year options to Staff and Manage the Airport's Curbside Management Program commencing July 1, 2013 through June 30, 2014, in an amount not to exceed $4,617,000 for the Option Period, for a new total contract amount not to exceed $15,067,000.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said that we are requesting approval to exercise Modification No. 1 to the Five Star PPM Contract 8994 to staff and manage the Airport's Curbside Management Program for the period beginning July 1, 2013 thru June 30, 2014. Five Star provides staffing resources and daily management oversight of the Airport's Curbside Management Program. This includes dispatching of all taxicabs departing SFO, managing the shared-ride van operations, monitoring limousine zones at each Terminal as part of the Airport's limousine enforcement effort, and monitoring and maintaining the Airport's automated taxi revenue system. Since January 1, 2011 Five Star has successfully managed and staffed all aspects of SFO's Curbside Management Program. We seek Commission approval to exercise the first of three one-year options. This initial contract was approved by the Commission for a 30 month period at a cost not to exceed $10,450,000. The FY 2012/13 budget was included in this initial contract term.

The budget for Fiscal Year 2013/14 was escalated year over year by approximately 6.5% to accommodate increases in pay rates included in the new collective bargaining agreement and medical insurance rates resulting in an amount not to exceed $4,617,000 for the request at 2013/14 option period.

We believe Five Star PPM will continue to provide the necessary management oversight of our Curbside Management Program consistent with our customer service expectations and operational demands. I recommend approval of Modification No. 1 with Five Star PPM to staff and manage the Curbside Management Program at SFO, exercising the first one year option to renew effective July 1, 2013 thru June 30, 2014 in an amount not to exceed $4,617,000 for the option period with a new total contract not to exceed amount of $15,067,000.

Mr. Ray Sloan said I appeared before you in 2005 over this same issue and at that time the cost was $110,000 a month. In April 2010 the cost was $128,758, and in December 2012, two years later, it's $191,360, a 40% increase. This cost is excessive and it's destroying the industry. The Shuttle companies that I help, it is the No. 1 cost item for them to run their operation. This means it exceeds the cost of maintenance and gasoline. I've never seen any oversight on how we arrived at these costs. There's never been a hearing to where we could sit down with the owner/operators and discuss how we got to this cost and it's just coming to the point were it's excessive and driving these small operators out of business.

Mr. Martin replied Ray Sloan is talking about the cost to let in door to door van companies so that's part of this contract, not all of it. We do sit down with the operators and review the staffing plan, the cost related to it, and the cost they will have to bare.

Commissioner Johns said that's what I'm trying to find out. So there's a formula for the cost that is passed on to the van operators to pay for the ...

Mr. Martin added for their portion of the curbside management services.

Commissioner Johns asked if that changes each year.

Mr. Martin replied the changes each year are based on the budget. So bases on the increases of salary, healthcare cost, I don't think there are changes in the hours. The hours that we require curbside staffing are the same.

Item No. 5 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

5. Award of Terminal 3 Common Use Club Lease - American Express Travel Related Services Company, Inc.

No. 13-0006 Resolution awarding the Terminal 3 Common Use Club Lease to American Express Travel Related Services Company, Inc.

Mr. Leo Fermin, Deputy Director Business and Finance said that we completed the RFP process for the Common Use Club, or Third Party Club, and recommend award of the lease to American Express Travel Related Services Company. Although nine companies attended the pre-proposal conference, we received one proposal by the due date. There was a second company which contacted us four days before the submission deadline and asked that we extend the deadline to give them for time. We declined to do so because the interested parties had nine months to prepare their proposal and we felt that it was not fair to extend the deadline for the benefit of a single company. The Club will be called the American Express Centurion Lounge and it will be located post security on the Mezzanine at the west end of Terminal 3 near the connector that leads to the International Terminal Boarding Area G. The Club will feature living room seating areas, food and beverage service, tranquility room, a children's play area, showers, and concierge services. American Express has been operating lounges at airports around the world since 1993 and they currently operate 10 lounges worldwide. Last month they opened a lounge at the Las Vegas airport, and they are scheduled to open another lounge at DFW in April of this year.

Commissioner Johns asked how membership is obtained. Is it a private membership? Do you have to have an American Express card?

Mr. Fermin replied that's correct. You have to have an American Express card or one of their affiliated credit cards ... so long as it is an American Express card or

an American Express card issued by participating banks.

Commissioner Guggenhime said that American Express has a gold card, silver card, and a platinum card.

Commissioner Johns asked if there would be an additional fee to become a member if you have a "lower" card.

Mr. Fermin replied I've been told it was complimentary if you have a card.

Commissioner Johns asked Mr. Fermin to repeat why American Express was the only bidder out of 8 or 9 companies.

Mr. Fermin replied many companies would not accept the category rent structure we have in place. All of the airline lounges pay the Terminal Category 2 rental rate for their club space so we felt that in order to maintain a level playing field, the third party lounge should also pay the same category rent as the airline lounges. Many of the other firms suggested that we offer an alternative rent structure, which we declined. As a result, they did not submit proposals. There was a second company that was interested, but they were having issues in getting their investor deal put together and they wanted more time.

Commissioner Crayton asked what other lounges we have.

Mr. Fermin replied that we have airline lounges throughout the Airport.

Commissioner Crayton asked if this would be our first lounge, and will it be publicized

Mr. Fermin said I'm sure American Express will publicize.

Mr. Martin said that American Express had agreements with several airlines for access to those airline clubs for American Express high level status members.

Mr. Steve Selwood, with American Express, said that he has been with the company for 14 years and currently runs the Loyalty and Innovation group. I'd like to thank the Commission as well as our colleagues at San Francisco International Airport for giving us this opportunity to talk about our qualifications and ideas for the Terminal 3 lounge space. We're very, very excited about this opportunity to bring our new travel concept to San Francisco. American Express has a long legacy in partnership with and investment in the City beginning nearly a century ago. Our first San Francisco office opened on the corner of Market and 2nd Street in 1915. Today, millions of our card members travel through San Francisco International Airport every year and we process billions of dollars of transactions in and around the Bay Area. We also work very closely with a number of local institutions and are currently the official card of the San Francisco Travel Association. Also, just last year we opened our first Silicon Valley office and that office pledges to invest roughly $100 million in startups in the Valley.

The lounge concept presented in our proposal for the Club space, represents a

partnership and investment, we believe, on a much grander scale. AmEx Vision has developed a small select network of premium airport lounges offering an unparalleled experience. San Francisco Airport has always been high on our list and we were ecstatic when this opportunity became available. We believe our best customers are SFO's best customers and therefore, we've developed a product that we believe will surely exceed everyone's expectations. Everything about the lounge is designed to elevate the travel experience. From the high end decor, the freshly prepared food designed by a local celebrity chef, carefully selected wines, and signature cocktails all made with top shelf liquor and all of this fabulousness, is free for the guest in the lounge.

We also envision adding unique elements that are relevant and tied to the City, including a spa-like tranquility room, a high end wine bar featuring California wines, and artwork capturing iconic locations and personalities from the area. The foundation of the lounge experience, however is world-class customer service. Our Member Services desk and the professionals that will staff it will be able to help our customers with travel changes, local restaurant recommendations and reservations, tickets to shows and museums, and virtually any other request. We believe that American Express is uniquely qualified to deliver this unprecedented travel experience.

Commissioner Mazzola asked what the card colors mean.

Mr. Selwood replied that any customer that has an American Express card, whether it's the colors that you referred to, or even some of our partnership banks, such as Citi Bank. As long as you have that little blue box on your card ... like Costco, etc. ... any of those customers will either potentially get an invitation, have that be part of their card product, or be invited and be able to buy day pass.

Commissioner Crayton asked how about the American Express Corporate card.

Mr. Selwood replied any American Express card. So again, if any of you have a Costco card in your wallet, chances are, that is an American Express card.

Commissioner Stern asked what the cost is for a day pass.

Mr. Selwood responded that we haven't decided ... somewhere between $40-$60. Again, based on what the benchmark is with the airlines, around $50 and the newer member clubs are about $35 or $40. We believe that what we're offering, what we're offering for free, will justify the price point. We're not maximizing the revenue of the lounge, we're maximizing the customer experience inside of it. I want to clarify that we are not doing this to replace our airline relationships, we're doing this to augment that experience. Airports have a much broader network, and our customers will continue to value that. That's why we want another select experience to put on top of that current benefit.

Commissioner Johns asked about the hours of operation.

Mr. Selwood replied that as long as the Airport is open, we plan to be open. The Las Vegas club will be open 20-hours/day.

Commissioner Guggenhime noted that American Express makes significant non-profit contributions to the community as well.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
Item No. 7 was removed from the calendar without discussion. Item Nos. 6, and 8 through 10 on the Consent Calendar was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

6. Authorization to Establish a Pool of Liquidity and Credit Facility to Support the Commission's Variable Rate Bonds and Commercial Paper Notes

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| No. 13-0007 | Resolution authorizing the establishment of a Pool of Liquidity and Credit Facility to support the Commission's Variable Rate Bonds and Commercial Paper Notes. |

7. Authorization to Issue a Request for Proposals for Bond Feasibility Services

Resolution authorizing the issuance of a Request for Proposals to hire consultant(s) to provide Bond Feasibility Consultant Reports related to the sale of the Airport's General Airport Revenue Bond Program.

8. Modification No. 1 to Contract Nos. 9026.8 and 9026.9 - As-Needed Project Support Services for Capital Improvement Plan Projects

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| No. 13-0008 | Resolutions approving Modification No. 1 to Professional Services Agreement, Contract 9026.8 and 9026.9, As-Needed Project Support Services for Capital Improvement Plan Projects, with EPC/CM West J.V. and AECOM, respectively, in amounts not to exceed $400,000 per contract, for new contract amounts not to exceed $1,300,000. |

9. Exercise of Final Option for Boarding Areas "B" and "C" Book and News Stores Lease No. 04-0231

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| No. 13-0009 | Resolution exercising the second and final of two one-year options, under Pacific Gateway Concessions, LLC's Boarding Areas B and C Book and News Stores Lease No. 04-0231, for an option term of June 30, 2013 through June 29, 2014. |

10. Authorization to Commence Request for Proposals Process for the Boarding Area E Newsstand Lease, a Small Business Enterprise Set-Aside

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| No. 13-0010 | Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals, and conduct an information conference for the Boarding Area E Newsstand Lease, a Small Business Enterprise Set-Aside. |

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H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

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I. CORRESPONDENCE:

There was no discussion by the Commission.

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J. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:40 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**January 30, 2013**
**Special Meeting**

**9:00 A.M.**

**Room 416 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
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**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
January 30, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
January 30, 2013

A. CALL TO ORDE:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 416, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of January 15, 2013 were adopted unanimously.

No. 13-0012

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D. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

1. Amendment of Resolution No. 09-0137 to Issue $502,200,000 Aggregate Principal Amount of Previously Approved Airport Revenue Bonds to Finance Capital Projects

No. 13-0013 Resolution amending Resolution No. 09-0137 to authorize the sale of $502,200,000 principal amount of previously approved Airport Capital Plan Bonds to finance and refinance the construction, acquisition, equipping and development of Airport Capital projects and authorize certain related actions in connection therewith.

Mr. Leo Fermin, Deputy Director, Business and Finance said that last year the Commission approved the 16th Supplemental Bond Resolution to increase the amount of approved Capital Plan bonds by $502.2 million. Subsequently, the Board of Supervisors approved the additional Capital Plan bonds by Resolution No. 0349-12. Before you is the actual sale resolution authorizing the sale of

these bonds. To clarify, it's an amendment to a previously approved sale resolution. The significant major capital projects these bonds will finance include our portion of the Runway Safety Area project and the Air Traffic Control Tower, the second long-term parking garage at Lot DD, the Boarding Area E Renovation, the Terminal 3 Checkpoint Improvements and various utility and waste water system improvements. As of now, our outlook is at that we will likely sell the first issue of these bonds this summer in an amount between $200-$250 million

Commissioner Johns asked if the totality of this bond issuance is in the billions. $1,220,200,000, is that correct?

Mr. Fermin replied that's correct. You previously authorized $1.2 billion in totality several years ago, and the last time we did a sale resolution you $700+ million, of which we've since sold $614 million in bonds. This additional $500 million is for projects that you have approved for this Five Year Plan.

Commissioner Johns said that when you say a billion, you want to make sure you know what you're talking about.

Commissioner Guggenhime said that since the Capital Plan bonds don't have to sold until June 30, 2019, why are we doing this now?

Mr. Fermin replied because we plan to sell the first issue this summer. So, 2019 will be the last sale of bonds that the authorization permits.

Item No. 2 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

2. Request for Qualifications/Proposals for Contract No. 9280.1 - Channel Dredging Assessment and Geotechnical Study

No. 13-0014 Resolution authorizing a Request for Qualifications / Proposals for Contract No. 9280.1, Channel Dredging Assessment and Geotechnical Study, to assess the requirements for maintaining the channel depth to ensure continuous access to the new Marine Emergency Response Facility.

Mr. Ivar Satero, Deputy Director, Design and Construction said that this item relates to the recent completion of the Marine Emergency Response Facility (MERF) and the need to maintain access to that facility. The low tides in the Sea Plane Harbor create a very shallow condition, and sedimentation continues to occur which will eventually create a low water hazard for boats to enter and access the MERF. We need to start maintaining the harbor in order to allow for that access. There are three areas that we're looking at dredging ... two within Sea Plane Harbor and one out by the 28R. We will likely not dredge out by 28R since we have our new MERF.

This study will ascertain how much dredging we have to do, how much contaminated soil we have to deal with, and the frequency of re-dredge in order to maintain access to the MERF. All procurement procedures will be followed. Evaluations will be based on the complexity of the program and the expertise required. We will return to the Commission with a recommendation to award a contract to the highest ranked proposer.

Item No. 3 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

3. Amendment No. 1 to Gotham Enterprises, LLC's Domestic Terminal Food and Beverage Lease 03-0193 for the Closure of the Terminal 1 Pre-Security Location

No. 13-0015 Resolution approving Amendment No. 1 to Gotham Enterprises, LLC's Domestic Terminal Food and Beverage Lease No. 03-0193 and direct the Commission Secretary to seek approval of the Board of Supervisors.

Mr. Fermin said that there is a Peet's Coffee Kiosk at the end of Terminal 1 toward the International Terminal Boarding Area A connector which the operator wishes to close down due to poor sales. That kiosk is in front of old Boarding Area A which was demolished so there are no airlines using the check-in counters in that area. Almost all of the passenger activity is by Boarding Area B. Pre-Security at B, there is a Fung Lum Chinese food outlet, PIQ Italian Bakery, Just Desserts, and SFO Employee Café', so there are food and coffee services available for the public and employees. The operator has also told us that there will be no jobs lost in this closure as he'll just re-shuffle his staff around.

Commissioner Guggenhime asked why this goes to the Board of Supervisors.

Mr. Fermin replied that it's an amendment to the lease which was previously approved by the Board.

Commissioner Crayton asked if something could be done about the signage for the employee cafeteria.

Mr. Fermin said that he will take a look at the signage.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 4 through 10, was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

4. Modification No. 1 to Contract No. 8998 - Terminal 2/Boarding Area D Baggage Handling Systems, Operations and Maintenance - Siemens Industry, Inc. - $1,297,725

No. 13-0016 Resolution approving Modification No. 1 to Contract 8998 to exercise the first of three, one-year options with Siemens Industry, Inc., for Terminal 2 / Boarding Area D Baggage Handling Systems, Operations and Maintenance in an amount not to exceed $1,297,725, for a new total contract amount not to exceed $6,062,839.

5. Authorization to Issue Request for Proposals for Biological Services in Support of the Wildlife Hazard Management Plan and Wildlife Assessment

No. 13-0017 Resolution authorizing the issuance of an Request for Proposals for a FAA qualified firm to provide biological services in support of the Wildlife Hazard Management Plan for a contract period of three years, with one two-year option for extension.

Commissioner Johns asked what's different in the new scope of work that we did not have in the old contract.

Mr. Nixon Lam, Manager, Planning replied the difference in the scope is more in emphasis. The original contract the biologist provided monthly assessments of the birds which was used to inform and update our Wildlife Hazard Management plan. What we're looking for now is more expertise in the area of assisting our Airfield Operations personnel and staff with regards to bird habitat, bird behavior, and modification of habitats.

Commissioner Johns didn't understand what that meant. Is staff supposed to report things they are finding on the airfield and getting someone to check on it?

Mr. Lam said that the Airfield staff might notice flocks of starlings, for example, in a particular area and they'll seek assistance from the Biologist to determine if there's a modification to the habitat in that area, or if it's a seasonal occurrence, or a biological reason for the occurrence on any particular part of the Airfield.

Commissioner Johns said that on a recent tour to look at the runway project, the bird population was pointed out. She was glad to learn that we are being more proactive and more observant to avoid potential problems.

Mr. John Martin, Airport Director said we also added a Wildlife Specialist in the Airfield Safety office, which was approved by the Commission two years ago. We have a person just dedicated to this in Airfield Safety.

Commissioner Johns said that this is a great idea.

6. Authorization to Issue a Request for Proposals for Contract No. 9263 - Aviation Security Consultant Services

No. 13-0018 Resolution authorizing issuance of a Request for Proposals for Contract No. 9263, Aviation Security Consultant Services, and authorizing staff to enter into negotiation with the highest ranked proposer.

7. Adopt Pool Lists of Consultants for As-needed Airport Planning and Environmental Planning Management Consulting Services

No. 13-0019 Resolution authorizing the Director to create a pool of As-Needed Consultants for Airport Planning and Environmental Planning Professional Services in four subject areas.

8. Federal Aviation Administration Memorandum of Understanding No. DTFAWA-13-A-80006 for the Installation, Operation and Maintenance of an Automatic Dependent Surveillance - Broadcast (ADS-B) Radio Station in Terminal 2

No. 13-0020 Resolution approving the FAA MOU No. DTFAWA-13-A-80006 to install, operate, and maintain an ADS-B Radio Station in Terminal 2.

Commissioner Johns understood that they have free rent, but wondered if we have any direct expenses. If this is a temporary move, will it transition to the new Tower when it is finished?

Mr. Fermin replied no. This is actually for an antenna system that will track the location of aircraft. It is my understanding that the FAA will simply install their transmitter in that area, and we're providing the footprint of space.

Commissioner Johns asked if this was a temporary locations.

Mr. Fermin replied that he's been told it's temporary and they'll be relocated permanently.

Commissioner Johns said that what I'm understanding is that there will be no personnel. That wasn't clear to me.

9. Modification No. 1 to Contract No. 8923 - Biological Monitoring Services for the San Francisco Garter Snake Recovery Action Plan - Swaim Biological, Inc.

No. 13-0021 Resolution approving Modification No. 1 to the Biological Monitoring Services Contract No. 8923 with Swaim Biological, Inc. to exercise the first one-year option for Biological Monitoring Services with no increase in the contract amount.

10. Bid Call for Contract No. 9188 - Airport-Wide Lighting Retrofit

No. 13-0022 Resolution approving the scope, budget, and schedule for Contract No. 9188, Airport-Wide Lighting Retrofit, and authorizing the Director to call for bids when ready.

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G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Commissioner Crayton said United Airlines has moved a lot of its gates to a new area. When you return to SFO on a regional carrier you are placed on a bus. It's almost like taking another flight because you get off the plane and you have to walk down the boarding area to get on a bus. When you get off the bus you have to walk all the way back to get your luggage. Once you get there, you wait another 45 minutes for the luggage to arrive. I was there with other passengers and they were very angry. Can we find a way to make that whole process a little shorter for our customers?

Mr. Martin said he will communicate the problem to United. It goes away in March 2014, but that's 14 months from now. United is under utilizing some of the gates in Terminal 3. We'd like them to move some of the activity from Boarding Area B so passengers don't have to go through this ordeal. We're trying to get them to do that and we'll let United know that our Commissioners are also expressing concerns.

Commissioner Guggenhime said that it takes longer to get off the regional jet and get your suitcase than it takes in actual flight time. It's unacceptable.

Commissioner Crayton said that it's horrible for the disabled. It's really an imposition.

Commissioner Johns said the other complaint she hears is that you don't know what gate to go to until you get to the Airport. You have to go to Terminal 3. If you're in a time crunch and you've got to be transported by bus to Terminal 1, or you have to walk there you could miss your flight. You can't find out the night before. It's inconvenient.

Commissioner Crayton said the other issue is that they can help you to the ramp but they can't get a wheelchair up there so you've got to walk up that thing by yourself. You've got people behind you trying to get on the plane. It's terrible for disabled people

Mr. Martin said they're required to provide a lift by Federal law, so we will pursue this. It's helpful for me to hear this because we've been talking to United about this problem on an ongoing basis. It's helpful that the Commission is also expressing concern.

Commissioner Crayton commented on her most recent flight on Skywest.

Mr. Martin said as of December, Skywest is our largest airline in terms of flight operations.

Commissioner Crayton said she has never experienced such a wonderful landing. That pilot was absolutely the best in the world. You didn't even know you were on the ground, that's how good the landing was. The service was great on the plane.

Commissioner Guggenhime asked the Director to repeat his comment about Skywest.

Mr. Martin replied that Skywest has more operations than any other airline at SFO.

Commissioner Guggenhime asked if that causes delays for other airlines.

Mr. Martin said that it does because they fly small aircraft.

Commissioner Guggenhime asked if we're working to try and minimize the number of smaller aircraft.

Mr. Martin said that we're working on it without success, but we're working on it.

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H. CORRESPONDENCE:
There was no discussion by the Commission.

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I. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:20 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**February 12, 2013**
Special Meeting
**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

**EDWIN M. LEE, MAYOR**

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
February 12, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
February 12, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of January 30, 2013 were adopted unanimously.

No. 13-0023

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D. SPECIAL ITEMS:
Item No. 1 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

1. 2012 William R. O'Brien Award - John Thurston

No. 13-0024 Resolution commending John Thurston on his outstanding level of dedicated and professional service to the Airport.

Mr. John Martin, Airport Director said I'm pleased to present these awards this morning. We're also going to have an event at the Airport for all the nominees, the Employee of the Year and for the Team awards ... we make a big deal of recognizing all of the employees who are nominated.

John is a Window Cleaner and has been at the Airport for 12 years. He is an outstanding employee with a positive attitude. He promotes friendliness and good will to passengers and his fellow employees. He is an active member of the Airport Safety Committee, not only promoting safety for other Window Cleaners, but promoting safety for employees overall. He has a very pro-active approach. I'm pleased to present the Employee of the Year Award to John Thurston.

Commissioners congratulated Mr. Thurston.

Mr. Thurston thanked President Mazzola, the members of the Commission, and

Director Martin. I am honored to receive the William R. O'Brien Employee of the Year Award. I want thank Director Martin, Facilities Service Manager Severin Rizzo, Safety Manager Audrey Lawrence, Window Cleaning Supervisor Oscar Bojorquez, Lily Lau of the Safety Department who recommended me for this award, and Gordon Analla for submitting the nomination.

The importance of safety in my occupation, especially when performing high work is obvious. Safety extends beyond the worker. In high work, you engage fall protection systems for the workers but it's also important to make sure workers don't drop anything on the people below. Protecting workers and the public from harm, this is safety. As to my emphasis on protection of children, I merely want those more vulnerable to potential hazards to be more safeguarded. Safety is a high priority at SFO and I'm very proud to be a contribution to that endeavor, be it education, training, drills, evaluations, work practices, policies, etc. A person dedicated to a modest task will be no less dedicated to any task. I have the honor of receiving this award because of the recognition of my work by others. As a recipient it is fitting that I accept this award in recognition of the efforts of my fellow employees who share the good fortune of working for the City and County of San Francisco at our Airport, SFO. Before closing I want to acknowledge my parents who instilled ethical values in me early and often, and my children John and Jennifer, and grandson, Aiden who effected in me a special sensitivity and concern for children. Finally, I dedicate this award to the loving memory of wife, Judy of 35 years. I lost her last year, after a lengthy illness. She would of been very proud of me today. Thank you.

Commissioner Mazzola told Mr. Thurston that he could have a career in public speaking. You do a great job.

Item No. 2 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

2. <u>2012 Russell J. Mayweathers Award - Nilo Cruz</u>

No. 13-0025 Resolution commending Nilo Cruz on his outstanding level of dedicated and professional service to the Airport.

Mr. Martin said that Mr. Cruz has been employed as an Custodian since 2006. He has an outstanding, positive attitude, always willing to assist his supervisors and fellow staff to find better ways of doing business. He really exemplifies the core Airport values ... teamwork, communication, respect, commitment, and pride. We thank Nilo for his outstanding work in being Airport Custodian of the Year.

Mr. Nilo Cruz thanked the Director and Commissioners for choosing him for this award and also to thank my supervisor and my coworkers.

Commissioners congratulated Mr. Cruz.

Item No. 3 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

3. 2012 SFO Team Recognition Service Award - "Year End Close Audit Accounting Team"

No. 13-0026 Resolution commending the "Year-End Close Audit Accounting Team" on their outstanding level of dedicated and professional service to the Airport.

Mr. Martin said the Team Recognition Service Award goes to the "Year End Close Audit Accounting Team". Mr. Wallace Tang heads the Accounting group. The Accounting team includes Louise Ho, Hazelle Fernandez, Jennifer Marquez, Rebecca Chiu, Grace Chau, Raul Velasco, Coco Zeng, and Marisa Ramos. This team completed the year end closing ahead of schedule ... the earliest the team has ever completed the work, and they were short staffed. The auditors did not have a single finding, so it's a very positive audit report and a really outstanding team. Thank you for your great commitment and delivering our audit in such a reliable way. Thank you to Wallace for heading this team.

Mr. Wallace Tang thanked everyone. This recognition doesn't just come to the Accounting department but to everybody who participated and was involved in the year end close audit process. It's a very complicated, compressed project and we get it done way ahead of the due date and with no findings. It's a result of SFO teamwork and another indicator that our Reaching for Number 1 effort is working.

Commissioner Mazzola congratulated the team.

Commissioner Guggenhime said that it was nice to see Wallace here. Wallace, you should come around more often.

Item No. 4 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

4. 2012 SFO Service to Communities Award - "Holiday Hoodie Drive Team"

No. 13-0027 Resolution commending the "Holiday Hoodie Drive Team" on their outstanding level of dedicated and professional service in promoting San Francisco International Airport's mission to be in service to the community.

Mr. Martin said that in the last couple of years Airport Commission staff formed a committee to help promote volunteer opportunities. We have a lot of staff volunteering and supporting non-profit organizations including the San Francisco Food Bank, Project Open Hand, Project Homeless Connect, Florence Crittenton and Whitney Young Childcare Center, and Belle Air Elementary School which adjoins Airport property. We also do a non-profit fundraiser during our annual holiday breakfast for Commission employees. Last year we fundraised for

hoodies for Project Homeless Connect and we obtained 375 hoodies to support that organization and raised $1100.00. A very successful campaign and a chance for employees to really open their hearts as a part of the employee breakfast. The Holiday Hoodie Drive Team, led by Susan Kim, included Michael Alvers, Buddy Carranceja, Erica Klein, Hazelle Fernandez, Lynette Gallegos, Luis Garcia, Tony Garcia, Ray Garon, Maria Iyog-O'Malley, Steven Kuchac, Skip Lang, Charito Luz, Bob Macario, Paul McCrory, Jimmy Mcdevitt, Sunita Pilli, Donna Potts, Angie Salazar, Sharon Samuel, Tom Tachis, Julie Takata, Bill Wong, Beaver Yldefonzo, and Carlos Zabat.

Commissioners thanked the Holiday Hoodie Drive Team.

Ms. Kim said that on behalf of the Holiday Hoodie Drive Cmmittee and the Airport's Motivating Volunteer Participation Committee we're thrilled to be the first recipients of this award and are really happy to know that this will be an annual award acknowledging individuals and teams in later years for their work for communities surrounding the Airport. Thank you.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 5 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

5. <u>Award Contract 9240 - General Airport Security Services - HSS, Inc. - $5,700,000</u>

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| No. 13-0028 | Resolution awarding Contract 9240, General Airport Security Services, to HSS, Inc. for a period of three years, with one, two-year option, in an amount not to exceed $5.7 million. |

Mr. Jeff Littlefield, Deputy Director, Operations and Security said that if Item No. 5 is awarded, Item No. 6 won't be necessary. We request award of the General Airport Security Services Contract 9240 to HSS, Inc. This contract is separate from the contract between the TSA and Covenant Aviation Security which provides passenger screening at security checkpoints. The scope of the contract provides for staffing of guards at each security checkpoint exit lane when the checkpoints are closed during early morning hours, approximately midnight until 4am each morning. In addition, these guards provide inspection services at various posts throughout the Airport in compliance with TSA regulations and security directives. Since August of 2006, the Airport has been required to perform these duties, with the exception of staffing exit lanes during non-screening hours. This became a requirement in April 2012. In August 2012, Airport staff issued an RFP seeking the best qualified firm to perform these

services. A total of 9 proposals were received, all of which were found to be responsive. A three member selection panel comprised of one internal and two external members evaluated the top three proposals. They scored as follows: HSS came in at 107.75; Covenant at 100; and Allied Barton at 89 points. Based on the scoring criteria set forth in the RFP, HSS achieved the highest score. The protest period ended February 6, 2013 with no protests received. The previously raised concerns regarding HSS have all been addressed. HSS has negotiated a contract with SEIU with the same terms as the agreement held with Covenant. SEIU intends to sign the agreement. HSS adjusted salary rates to ensure employees will be paid consistent with what they are currently being paid by Covenant and the agreed to scheduled raises will be honored. HSS acknowledges the worker retention requirement and has extended it to Supervisors. We believe HSS has dispelled any negative perceptions SEIU may have held of their company.

Commissioner Guggenhime said, just to be clear, this doesn't have to do with screening, it has to do with Midnight until 4:00 AM.

Mr. Littlefield replied that's correct. The contract for the screeners is with TSA.

Commissioner Crayton said that this was the contractor that a number of people raised concerns about. Some came from Denver to speak about labor issues.

Mr. Littlefield replied that all of those issues have been addressed.

Commissioner Johns asked if anyone was present to speak about it.

Commissioner Mazzola replied that we have a speaker.

Mr. Littlefield said HSS is here as well.

Commissioner Mazzola said that we have a speaker from HSS, but no one from the union.

Commissioner Johns said that we will assume that they're fine.

Mr. Mike Lanan, Vice President, Aviation Government Services, HSS thanked the Airport and the Commission for the opportunity to serve SFO. We're excited about serving San Francisco Airport, not only because of its great international reputation, but because, on a personal note, I'm a native of San Francisco. It gives me a great deal of pride to be back in the City that I love. It's important to note that we serve 10 international airports right now. The process produced by Airport staff was tremendous. It was very transparent, extremely thorough, and we appreciate processes like that. We'd like to thank the Airport and the staff. I can assure you that HSS will deliver what it promised. It's a very experienced company with a national reputation that is employee concentric. We look forward to a cooperative relationship with SEIU. We look forward to enhancing communications with the employees and bringing about benefits that serve all.

Item No. 6 was removed from the calendar.

6. Modification No. 7 to Contract No. 8738 - General Airport Services - Covenant Aviation Security, LLC - $5,880,000

Resolution approving Modification No. 7 to Contract No. 8738 with Covenant Aviation Security, LLC for General Airport Services to extend the contract term on a month to month basis, up to six months, and to increase the compensation for a new total contract amount not to exceed $5,880,000.

Item No. 7 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

7. Authorization to Issue a Request for Proposals for Hotel Development Consultant

No. 13-0029 Resolution authorizing staff to issue a Request for Proposals for a Hotel Development Consultant.

Mr. Leo Fermin, Deputy Director Business and Finance said that we're requesting approval to issue an RFP for a Hotel Development Consultant. This is the first of several RFPs we expect to issue over the next year to engage the professionals we need for the hotel project. The City Attorney's office just concluded their selection process to pick a hotel bond council. Airport staff is preparing materials and information for the San Francisco Planning Department for them to determine whether we can proceed with an addendum to the 1992 Final Environmental Impact Report for the Master Plan, or if we're required to do a stand alone CEQA document for the hotel. The consultant will help us with documentation and analysis that may be needed for environmental review. They will also help us to find the final hotel concept, work with the architect as plans are developed, and assist us in the selection of a hotel operator and the negotiation of the operating agreement. Next month we will seek your approval of a new pool of underwriters from which we will solicit proposals for financing the hotel. This summer we will submit to you a revision of the Five Year Capital Project's Plan to will include the hotel. Depending on the outcome of the environmental review by City Planning, we will request approval to issue an RFP for a hotel operator either this summer or in early 2015. The timing of the RFPs for the construction manager and the design built contracts will also depend on the environmental determination.

Commissioner Stern said there's been a lot of due diligence over the last number of years from this project perspective and asked if we are taking any previous conclusions in carrying those forward, or are you almost starting from scratch as it relates to conceptual design, etc.

Mr. Fermin replied we want to focus on creating a high-end luxury type hotel with a well known brand, a high-end market, so we did that and looked at a number of other concepts such as select service hotels, more budget scale hotels and we eliminated those concepts. We will focus on the high-end market.

Commissioner Crayton said that when we previously looked at the hotel process, wasn't there a stipulation that we need to do an environmental review at that time.

Mr. Fermin replied that we did not go as far as determining it that time.

Commissioner Crayton said that the environmental review process could be very lengthy and might delay the project. The Governor said in his State of the State address that he wants to refine that process. Hopefully that will happen, but it's going to take a lone time. Also, you're proposing a 400 guest hotel but you're only looking at two restaurants. Is that going to be enough? Did the hotel consultant recommend two restaurants.

Mr. Fermin replied that we haven't finalized all of those details just yet. We plan to do that with this hotel development consultant.

Commissioner Crayton asked Mr. Fermin if he had someone in mind.

Mr. Fermin replied we do not. We're going to conduct an open process and we suspect that 4 or 5 companies from around the country might present proposals.

Commissioner Crayton asked if it was the Hilton Hotel concept ... although she was not making an assumption.

Mr. Fermin replied that we have not defined the brand as yet.

Commissioner Johns asked if a high end concept would allow the cost of the rooms to be competitive. What's in the area? Is it going to price out the average traveler? It's early, but when you say high end, how excluding will it be.

Mr. Fermin said we think the average rates at our hotel will command a premium over the hotels in the vicinity, so we think probably a 25-30% premium over the surrounding area hotels.

Commissioner Guggenhime asked if we're talking a 5-star hotel.

Mr. Martin responded that were probably talking about 4-star hotel.

Mr. Fermin said at least a 4-star hotel.

Mr. Martin said there's no hotel in this high-end category in Northern San Mateo County. We have the very best location so our consultants think that we have a real opportunity.

Commissioner Crayton asked if we're thinking along the lines of the Inter Continental.

Mr. Martin replied that we're thinking of that level.

Commissioner Johns asked if we would get folks other than airline passengers to stay there.

Mr. Martin said we're counting on getting people particularly in high-tech, bio-tech.

Commissioner Johns said that this contract is for three years so we have plenty of time to discuss some of these issues.

Item No. 8 was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

8. Authorization to Issue a Request for Proposals for Contract No. 8541.9 - Professional Services for Recycled Water System

No. 13-0030 Resolution authorizing a Request for Proposals for Contract 8541.9, Professional Services for Recycled Water System, to develop concepts and a preliminary design for an Airport-wide Recycled Water Distribution System.

Mr Ivar Satero, Deputy Director, Design and Construction said that the Airport currently recycles water at the Mel Leong Treatment Plant and we transport the water primarily by tanker truck to various landscape irrigation sites around the Airport. Since 2008, as part of new facilities development, particularly with the development of T-2, we've been looking at all the opportunities to reuse water ... in the buildings, surrounding areas and other facilities that we serve potable water to. We've been installing dual plumed water systems in the terminal buildings. Terminal 2 was our first dual plumed facility. The idea is when a reclaimed water system is in place to the recycle plant, we're able to divert reclaimed water flows to the flushing of toilets and the potable water source to the laboratories. We are also preparing this in the Terminal 3 and Terminal 1 programs, as well as West Field Cargo. There are many opportunities for use of reclaimed water, with one of the biggest being our Central Plant, and for use in the cooling towers. The cooling towers use about 200,000 gallons/day during the summer for cooling terminal facilities. That's a major opportunity for us as well. So, when you aggregate all of these reclaimed water opportunities, we're talking about 180 million gallons/year that we may be able to use reclaimed water for. This contract will investigate those opportunities and other opportunities across the Airport. We'll develop cost estimates, concepts for the system and the design of the transport pipeline because the biggest challenge is to get the water from the recycled plant to the terminal facilities. The total estimated cost for these services is $500,000 for a duration of 24 months. This RFP will follow all of our procurement processes, including establishing the appropriate evaluation criteria to the complexity and size of the study. We will return to the Commission with a recommendation to award after we negotiate the contract with the highest ranked proposer.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 9 through 16, was moved by Commissioner and seconded by Commissioner . The vote to approve was unanimous.

9. Award Contract Nos. 9005.3A and 9005.3B - As-Needed Structural Engineering

Support Services - URS/Bello Joint Venture and Rutherford+Chekene and Tennebaum-Manheim Engineers - $400,000 per contract

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| No. 13-0031<br>No. 13-0032 | Resolutions awarding Contract Nos. 9005.3A and 9005.3B, As-Needed Structural Engineering Support Services to URS/Bello and Rutherford+Chekene, and Tennebaum-Manheim Engineers in the amount of $400,000 per year per contract, with a not-to-exceed contract amount of $400,000 per contract for the first year of services. |

10. Award Sole Source Contract 8399A - Phase II Airport's Property Management and Billing System ("PMBS") Implementation - GCR, Inc. - $1,275,000

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| No. 13-0033 | Resolution awarding Sole Source Software Development Contract No. 8399A for Phase II of the Airport's Property Management and Billing System (PMBS) to GCR, Inc. in a total amount not to exceed $1,275,000, for a term of three (3) years effective March 1, 2013, with two, one-year options to renew. |

11. Modification No. 2 to Contract No. 9075 - Airport Ground Transportation Information Kiosks - Polaris Research and Development, Inc. - $5,418,544

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| No. 13-0034 | Resolution approving Modification No. 2 to Contract 9075 with Polaris Research and Development, Inc. to complete installation of Airport Ground Transportation Information Kiosks in an amount not to exceed $133,544, for a new total contract amount not to exceed $5,418,544. |

Commissioner Johns asked for an update on the eight new booths that is part of the project.

Mr. Littlefield said that we currently have eight ground transportation kiosks that will go adjacent to each of the Polaris Information Booths and will offer various types of ground transportation information, although they have not yet been installed. We purchased them under a previous contract. There were some technological advancements that were still unfolding and we're now prepared to install those at each of the information booths.

Commissioner Johns assumed that any changes can be programmed in.

Mr. Littlefield replied that changes can be programmed in.

12. Award Contract 8599 - Terminal 1 Lighting Improvements - Phoenix Electric Company - $1,045,522

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| No. 13-0035 | Resolution awarding Contract 8599, Terminal 1 Lighting Improvements, to the lowest responsive, responsible bidder, Phoenix Electric Company, in the amount of $1,045,522. |

13. Award of the Security Checkpoint Mail Service Lease - Airport Mailers, Inc.

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| No. 13-0036 | Resolution awarding the Security Checkpoint Mail Service Lease to Airport Mailers, Inc. |

14. Modification No. 6 to Contract No. 8970 - Closed Circuit Television (CCTV) Advanced Surveillance Program - Siemens Industry, Inc.

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| No. 13-0037 | Resolution approving Modification No. 6 to Contract 8970, CCTV Advanced Surveillance Program, with Siemens Industry, Inc. to extend the contract duration by 157 calendar days, at no additional cost to the City. |

15. Authorization to Accept and Expend FAA Grant Funds for Airfield Improvement Projects under the Runway Safety Area Program - $10,810,000

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| No. 13-0038 | Resolution authorizing the acceptance and expenditure of FAA Grant Funds in the amount of $10,810,000 for Airfield Improvement Projects under the Runway Safety Area Program. |

16. Authorization to Accept and Expend FAA Grant Funds in the Amount of $3,225,000 for Airport Improvement Project under Voluntary Airport Low Emission (VALE) Program

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| No. 13-0039 | Resolution authorizing the acceptance and expenditure of FAA grant funds in the amount of $3,225,000 for Airport Improvement Project under the Voluntary Airport Low Emission (VALE) Program. |

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H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

J. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:29 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**March 4, 2013**
**Special Meeting**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

**EDWIN M. LEE, MAYOR**

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
March 4, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
March 4, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Linda S. Crayton, Vice President<br>Hon. Eleanor Johns |
| Absent: | Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of February 12, 2013 were adopted unanimously.

No. 13-0040

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D. SPECIAL ITEMS:
Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Retirement Resolution for Melba Yee

No. 13-0041 Resolution commending Melba Yee for a job well done as an employee of the City for 31 years and recognizing her significant and valuable contribution to the success of the Airport in the 19 years that she has served SFO.

Mr. John Martin, Airport Director asked Melba Yee to come forward. Melba is retiring from the City after 31 years in the City Attorneys office, 19 years at the Airport, and 36 years overall as an attorney in the public sector. Melba came to the Airport to work on the Master Plan, the environmental permitting, CEQA process, and has done an amazing job. Very much a problem solver with a can do attitude. We will really miss her. She also handled noise abatement issues, the home insulation program, and the BART to SFO extension and agreement. These were historic agreements that Melba handled. She is greatly respected by City Attorney staff, Airport staff and by me personally. She's been a great help.

Commissioners applauded and congratulated Ms. Yee.

Commissioner Mazzola said the floor is yours.

Ms. Melba Yee thanked the Director and the members of the Commission. It has been a great honor to have served the City and County of San Francisco, and it's been a special privilege to serve the Airport. I have been very fortunate in having a small role in some of the projects of this Airport, the success of which is a combination of the efforts of a very talented staff, strongly led by this Director and this Commission. I'm also grateful for the support and guidance that I have received from Sheryl, and Rob Maerz and others who have sat in the General Counsel seat. It's truly been an amazing career experience to have participated in the SFO success story and to have been included as part of the Airport family. I will miss everyone, Thank you very much.

Commissioner Crayton asked if there is anything we can say to get you to stay. Won't you stay, please. I cannot believe that you're leaving us. You've been such a wonderful person not only to the Commission, but to John and the other team members. The way that you carry out your business is very effective. I think once or twice you sat in for John when he was away on business for the Airport Commission. This is very difficult. You look so young, you know what I mean.

Ms. Yee replied that I have lived every one of those 36 years. I want you to know.

Commissioner Crayton said I know you're entitled but I'm having separation anxiety You look so good. I hope no one is stealing you. So, you're actually going on vacation ... are you going to rest?

Ms. Yee replied I can do all of that.

Commissioner Crayton said you will be missed and with acclamation. We sincerely approve your retirement because we really love you so much. Thank you.

Commissioner Johns said good luck and thank you.

Commissioner Mazzola said thanked Melba for her legal opinions, because unlike some other attorneys yours were correct. Were you 14 when you went to work for the City? Good luck in your retirement.

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. <u>Retirement Resolution for Ms. Ying (Wendy) Ran Lin</u>

No. 13-0042 — Resolution thanking Ms. Ying (Wendy) Ran Lin of the Facilities/Custodial Services Section for twenty two years (22) years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. Martin said that Wendy Ran Lin is not here today but we thank her for her 22

years outstanding service and we'll present the Resolution to her.

Commissioner Mazzola congratulated Ms. Wendy Ran Lin.

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D. ITEMS INITIATED BY COMMISSIONERS:
Commissioner Mazzola said that he has been thinking about the issue of renaming the Airport. That issue hasn't gone away yet at the Board of Supervisors so I'm considering appointing a committee, possibly consisting of members of the Board of Supervisors, and see what we can do to create a policy of naming things at the Airport in the future so we don't have to go through this time and time again. We've been through it before. I'm going to see if we can put a committee together and have some people who have been around the City a lot, serve on it, and see what we can do. I'll be in touch with you with my ideas, so we'll hope you'll bless that.

Commissioner Johns agreed. I think it's a great idea.

Commissioner Mazzola said that without a policy it will come up again.

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E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Modification No. 6 (Trade Bid Package Set J, Change Order No. 15 and Change Order No. 16) to Contract No. 8974B - Design-Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - $3,938,352

No. 13-0043 — Resolution approving Modification No. 6, adding Trade Bid Package Set J, Change Order No. 15, and Change Order No. 16, to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project with Hensel Phelps Construction Company, in an amount of $3,938,352 for a new total contract amount of $79,580,188.

Mr. Ivar Satero, Deputy Director, Airport Development & Technology said this Modification provides for the sixth set of Trade Bid Packages for this contract and provides for the design and procurement of the Information Terrace Technology. The Information Terrace is a place at the entry of Boarding Area E where passengers can go and interface with touch screen technology and get such type of technological support as way finding, they can QR to their phone and it will help them get around the Terminal and understand what is down a Boarding Area without having to venture in that direction in a very interactive and technology driven way. This is the technology that we're looking at and deploying throughout Terminal 3, and it will be the first installation of this technology. It was bid competitively to three pre-qualified sub-contractors and Razorfish was the

successful bidder. They will provide the software design and development; the screens and installation will be procured separately. The other part of this modification relates to additional services related to additional design services as well as additional construction services. Regarding the additional design services, there are two categories that we can look at, with the first category related to ensuring the successful integration of Boarding Area E with the Terminal 3 Checkpoint project, as well as preparing the design of Boarding Area E to ensure the successful design and construction of the secure connector between Terminal 2 and Boarding Area E/Terminal 3. The second category of work is related to additional construction services primarily driven to make sure that the facility meets requirements of United Airlines, as well as provide for a reliable and maintainable facility. Of particular note of interest is the additional service for the pop-up concession spaces. This is a new concept for Boarding Area E and the terminal complex where we will have the ability to rotate retail and food and beverage in the Terminal in Airport provided spaces that don't require a large capital investment on behalf of these vendors. We can have a lot of interesting and dynamic offerings that rotate frequently and keep very fresh offerings in the Boarding Area as the vendors bring their items and their offerings to us. As noted previously, the budget has been increased by approximately $16 million. There has been additional scopes of work that we presented previously. In the last forecast presented to the Commission was $107.6 million and with this additional scope, our current forecast is $110.3 million in comparison to the budget of $109.1 million for these design-build services. We're working with the design build team to find cost savings measures to reduce the forecast and bring it in line with the budget. Within that forecast, we do continue to maintain the appropriate cost contingencies.

Commissioner Crayton thought the original budget was $115 million and then you added $14 million ... I'm confused. What is the new total?

Mr. Satero replied $131 million is the total budget. That was presented previously and it was a recap.

Commissioner Johns said that in Change Order No. 15, were you talking about a different elevator design? Wasn't all of this considered originally? I know when you do a remodel there are always new pieces that come in, but had we not considered some of these things earlier on? Were these just refinements of new ideas like the technology? Was that not considered in the beginning?

Mr. Satero said that the elevators is a good one to look at. We had a single elevator in there and then during the vetting process with the airlines, United Airlines was very concerned about a single elevator so they asked for a second elevator in the facility for their operational needs. We are accommodating that because of United Airlines' request.

Commissioner Johns asked where that would be.

Mr. Satero said it's in a whole different area. It's actually about a third of the way down the Boarding Area, so it's a new tower for two elevators.

Commissioner Johns asked who will be using it

Mr. Satero said that United folks would essentially be using it.

Commissioner Johns asked if passengers would be using it.

Mr. Satero replied no, it's for operations. It's something worth revisiting in all of our projects. You need an elevator to be able to get materials and supplies to the concessions. The concern is you've got the need for airlines, but there's also a major concessionaire program, so you need to have the ability to move all of the stocking and materials up and down, as well as keeping airline operations going. We think it's the right thing to do. The technology piece was the development of the QRTs and it was more expensive than we had thought.

Commissioner Johns asked who is on the Airport's Executive Committee.

Mr. Satero said it's the Deputy Directors primarily and some other senior staff.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

4. Third Amendment of the Airport's Financial Advisory Contract 8993 with Public Financial Management, Inc. and Backstrom McCarley Berry & Company, LLC, to Exercise the First One-Year Option to Extend and to Provide up to $1,300,000 in Funding for the Contract Year Ending June 30, 2014

No. 13-0044 — Resolution exercising the first one-year option to extend and authorize up to $1,300,000 in compensation for the Airport's Financial Advisory Contract 8993 with Public Financial Management, Inc. and Backstrom McCarley Berry & Co., LLC to fund the first option year for continued assistance with the Airport's Financing program.

Ms. Denise Martinez, Finance Director, said this item exercises the first of two one-year options with a financial advisory service contract. The joint venture of Public Financial Management and Backstrom McCarley Berry & Co. will complete it's third contract year on June 30th as financial advisors to the Airport on issues related to debt management, debt policy, long term financial planning, and credit strategy. They've also served as a key point of contact with stakeholders, including bond holders and creditors. We are also requesting approval of compensation not to exceed $1.3 million for the first option year. This will cover the annual retainer, as well as projected bond transactions. We will return to the Commission for approval next Spring should we decide to exercise and fund the second one-year option.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Authorization to Issue a Request for Proposals for Contract No. 9299 - Guest Service Enhancement Services

No. 13-0045 Resolution authorizing a RFP for Contract No. 9299 for Guest Service Enhancement Services for a combined total not to exceed $200,000 per year to provide services related to improving the guest experience at SFO via facilitated and computer based training. This contract has an initial term of three years with two one-year options to extend the contract at the sole discretion of the Commission.

Ms. Kandace Bender, Deputy Director, Communications and Marketing said one of our five year Airport-wide strategic goals is to improve our Customer Service programs to create a kind of concierge hotel type atmosphere. We have a number of initiatives underway to help us achieve that goal, including re-branding our customer service program. One of these initiatives is this RFP for Guest Enhancement Services, otherwise known as Customer Service Training which we would like to implement for both Commission and non-Commission employees. We conducted a pilot program last November and December with Customer Service training for about 900 employees just to gauge the success and interest among employees. It included Commission, non-Commission employees, TSA, Covenant, Customs & Border Protection, airlines, concessions, etc. Feedback from the program was 100% positive with many people asking for additional training services. Our request is to issue an RFP and conduct negotiations with the highest-ranked proposer that will allow us to expand this program to as many employees as possible. We'd like to create a computer based training module and include it in the badging process that people need to complete to work at SFO. The contract is for three years, not to exceed $200,000 per year with two options to extend one year each. I'm happy to answers you might have.

Commissioner Johns asked how we would get tenants and the TSA involved and what would be their requirement to have their employees do this training. I take it we're going to do the training, but is it purely volunteer?

Ms. Bender replied that it is but we've found through the pilot program there's a lot of enthusiasm for it. Chris Birch, our Customer Service Manager, pounded the streets to try to get people involved and the feedback was very good. Those who took the training went back and shared it with their colleagues and more people are interested in taking it. However, we would like to implement it as part of the badging process for new employees so that they take the program as part one of their modules of orientation to the Airport. We can require them to do that.

Commissioner Johns wondered if it would become part of our lease requirements as leases are renewed or bid. How would that work?

Mr. Martin said we will see how this goes first and perhaps we can get everyone to participate without modifying leases and permits.

Commissioner Johns asked if this training would be across the board. Will

restaurant workers get the same training as TSA workers or our Custodial staff?

Ms. Bender said we would talk to the new provider about that, but in the pilot program it was across the board.

Ms. Bender added that it was really about courtesy, working with people, why it's important to have good customer relations ... it means jobs, it means success at the Airport, taking pride in the environment in which we work.

Commissioner Johns assumed that it is a generalized sort of customer service.

Ms. Bender said I took the training myself and I found it enthusiastic and inspiring.

Commissioner Crayton asked if the people who did the training will be the ones who will conduct all of the training.

Ms. Bender assumed that they will be one of the bidders.

Commissioner Crayton assumed that staff checked with other airports to see how they have done their training.

Ms. Bender replied that we did.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

6. Bid Call - Contract No. 9110 - SFO Training Center

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| No. 13-0046 | Resolution approving the scope, budget, and schedule for Contract 9110, SFO Training Center, and authorizing Director to call for bids when ready. |

Mr. Ivar Satero said the Airport currently conducts training in two areas, one in the International Terminal and the other in a converted room in Tunnel D. This project consolidates training into a single operation and provides new facilities and offices to support all of our training needs. It also provides an opportunity for us to become a West Coast training center for ACI and AAAE, and facilities for airline use, so there is a revenue potential as well. It will have a conference center, training and video labs, library, business center, and staff offices. The estimated construction cost is $1.2 million with a contract duration of 120 calendar days.

Commissioner Crayton asked if this was in the original budget.

Mr. Satero replied that this has a separate budget item in the Capital Plan of $1.2 million, and it was designed by in-house staff.

Commissioner Johns asked what ACI meant.

Mr. Satero replied Airports Council International.

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F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 7 through 9 and 11 and 12 were moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous. Item No. 10 was removed from the calendar.

7. Authorization for the Airport to Enter Into an Other Transaction Agreement with the Transportation Security Administration for Reimbursement of the Design of the Terminal 1 Checked Baggage Inspection Modernization Program

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| No. 13-0047 | Resolution authorizing the Airport to Enter Into an Other Transaction Agreement (OTA) with the Transportation Security Administration (TSA) for Reimbursement of the Design of Terminal 1 Checked Baggage Inspection System Modernization Program. |

8. Award of the International Terminal "G" Electronics Kiosk Lease - ILJ San Francisco, LLC dba Tech Interaction

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| No. 13-0048 | Resolution awarding the International Terminal "G" Electronics Kiosk Lease to ILJ San Francisco, LLC dba Tech Interaction. |

9. Award of the Cellular Phone Rental Kiosk lease to TripTel Mobile Phone Rental

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| No. 13-0049 | Resolution awarding the Cellular Phone Rental Kiosk Lease to TripTel Mobile Phone Rental. |

10. Item No. 10 was removed from the calendar.

11. Modification No. 1 to Contract No. 9108 for Noise Insulation Consulting Services to Provide for Reimbursements of Subcontractors' Expenses

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| No. 13-0050 | Resolution authorizing Modification No. 1 to Contract No. 9108 for Noise Insulation Consulting Services to permit reimbursement of subcontractors' expenses. |

Commissioner Johns didn't understand why Bay Area people can't be found to do this work and why they have to bring people in from elsewhere who then get reimbursed. I can't believe that we don't have specialized people in the Bay Area. As I understand it, the reason this item is on the calendar is because travel reimbursement was not included and the contractor has to bring in subs from outside the Bay Area, which will necessitate travel and incur expenses for meals, lodging, etc. That bothers me.

Ms. Denise Martinez said it would have normally been in the original contract. It's not unusual on these types of contracts to require specialists. We're not expecting it to be a very large amount but it's something that you do sometimes ... even reimburse for vehicle travel to and from within the Bay Area. No travel expenses were actually included in the original contract. It's allowed in grants and we would only reimburse for the kind of travel allowed and pre-approved by the Airport.

Commissioner Johns said it isn't a lot of money, but we want jobs locally. I don't understand this.

Ms. Martinez said that the original contract did allow the use of specialized subcontractors. It didn't specify where those subcontractors came from.

Commissioner Mazzola said it needs to be in there in case you get someone from outside the area. We urge you to try to use people within the area and keep the jobs local.

Mr. Martin said that we express the Commission's concerns to the contractor.

Commissioner Johns said I would appreciate that. It's an important point we are trying to make.

Commissioner Crayton understood that this isn't the bone you want to pick.

Mr. Martin said we'll still push it.

Commissioner Crayton understood. It's not very unusual.

12. Memorandum of Understanding between the City/County Association of Governments of San Mateo County and the Airport Commission in the amount of $60,000 for the Airport Land Use Compatibility Plan for FY 2012/13 and 2013/14

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|---|---|
| No. 13-0051 | Resolution approving the Memorandum of Understanding (MOU) between the City/County Association of Governments of San Mateo County and the Airport Commission in the amount of $60,000 to provide training, report preparation and document distribution for the San Francisco International Airport Land Use Compatibility Plan in Fiscal Years 2012/13 and 2013/14. |

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G. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

I. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**March 19, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
March 19, 2013

AIRPORT COMMISSION MEETING MINUTES
March 19, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of March 4, 2013 were adopted unanimously.

No. 13-0052

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D. ITEMS INITIATED BY COMMISSIONERS:
Discussion and possible action to establish an Airport Naming Committee to advise the Airport Commission as to recommended policies and/or procedures for renaming the San Francisco International Airport and/or its facilities.

The Resolution was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

No. 13-0053

Commissioner Mazzola said that he has been on the Airport Commission for a long time and it seems as if the issue of renaming the Airport keeps coming up and there has controversy about it. I have decided to try to put together a committee with a cross section of San Franciscans to establish a policy which would address if you can or should name the Airport or not name the Airport, or what we should do about it. We will finally have a policy so we don't continue to have this discussion. We have a resolution that's been prepared and I would like the Secretary to read the "Resolved" clauses.

Ms. Jean Caramatti, Commission Secretary asked if the Commission would first like to take public comment.

Commissioner Mazzola asked if anyone wished to make a public comment. Noting that no one stepped forward, he said that the public will have another opportunity to make public comment once the committee comes up with recommendations. Commissioner Mazzola asked the Commission Secretary to read the Resolved clauses.

Ms. Caramatti: First of all, the title of the Resolution is "Discussion Possible Action to Establish an Airport Naming Committee to Advise the Airport Commission as to Recommended Policies and the Procedures for Renaming the San Francisco International Airport and/or its Facilities." The Resolved clauses are as follows:

Resolved that the Airport Commission establishes the Airport Naming Committee which including the Chair, shall consist of no fewer than seven nor more than nine individuals who, as a group reflect awareness of the social, cultural, historical, and business interest of the City and County of San Francisco, and knowledge of and/or experience in the travel and aviation industries; and, be it

Further Resolved that the President of the Airport Commission shall serve on the Airport Naming Committee as its Chair and appoint its members who may include Airport Commissioners and the Airport Commission shall confirm appointments before they take effect; and, be it

Further Resolved that the Airport Naming Committee shall report to the Airport Commission on a periodic basis as to its progress in developing policies and/or procedures concerning the naming of the San Francisco International Airport and/or its facilities.

Commissioner Mazzola said if Commissioners wanted to speak on this.

Commissioner Crayton commended the Commission President in preparation of this proposal. I do think its beneficial and orderly and that it will give an opportunity for everyone to have a voice. I recommend approval.

. . .

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Award of Contract No. 9082A - Job Order Contracting (JOC) Construction Services - Galliera, Inc., dba Trico Construction - $1,000,000

No. 13-0054 Resolution awarding Contract No. 9082A, Job Order Contracting (JOC) Construction Services to Galliera Inc., dba Trico Construction, in the amount not to exceed $1,000,000.

Mr. Ivar Satero, Deputy Director, Airport Development and Technology, said this item awards the first pilot program JOC contract to provide for task order construction services at SFO. Job Order Contracting provides the means of ready access to construction services and it's issued on a task order basis. Unit pricing has already been agreed upon based on the previous work done by professional services consultant, the Gordian Group, and all of this work is subject to a task order limit of up to $400,000 per public work. The book developed by the Gordian Group was very much in collaboration with Airport Maintenance and Engineering staff to ensure that all of the possible work scopes were covered in

the book. The end result was the book that is the basis for bidding by the construction community. The book contains various scopes of work and set unit pricing, and so the bids that we receive are essentially the markups that will be applied to the unit price work based on the task order scope of work.

We will proceed with this under a pilot program. The pilot program is set at one year and up to a million dollars per contract with a recommendation to award two contracts, however, in this action, we're just recommending award of the first contract as we're still reviewing responsiveness with regards to the second low bidder in the solicitation. We will return to the Commission for award of a second contract after responsiveness issues are resolved.

The proposed JOC contract will again be for up to $1,000,000 for this one contract. We will return to the Commission when either one of these criteria are met. We will return with a recommendation on whether to proceed with additional JOC contracting depending upon the success of JOC at SFO. Galliera has committed to meeting the 25% CMD goal, however, it will largely depend on the types of work that they undertake as the CMD goal is based upon presumed scopes of work that are not yet entirely certain.

Commissioner Mazzola wanted to reiterate his concern that these contractors pay the prevailing rate. We need to be sure that someone looks at that. I don't think Trico sends you prevailing wage sheets

Mr. Satero said they will provide prevailing wage records. It's required.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. <u>Consultant Selection for Contract No. 9185.9 - Terminal 1/Boarding Area B Redevelopment Program Management Support Services - T1 Partners</u>

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|---|---|
| No. 13-0055 | Resolution approving selection of T1 Partners, and authorizing Staff to enter into negotiations and prepare professional services agreement for Contract 9185.9, Terminal 1/Boarding Area B Redevelopment Program Management Support Services. |

Mr. Satero said that we have successfully completed solicitation of the Terminal 1 program management contract and recommend Commission authorization to negotiate with T1 Partners, a joint venture of Parsons Transportation, EPC Consultants and The Allen Group. They are the highest ranked proposer as determined by our selection panel through this selection process.

In response to the RFQ/RFP process, we received four proposals and based upon the review and scoring of the technical proposals, we invited all four firms to participate in the oral interview process. The oral interview process conducted under this contract was dramatically different than previous oral interviews. It was developed based on scenarios that may be encountered in implementing the

program. We gave them time to prepare as a team, to ask questions of the Program Manager, and then prepare a response and a presentation to the selection committee on their best strategy and approach to resolving those questions. It was unique and very informative on how the teams work together in front of the selection panel. It was a little awkward for them to get use to but they seemed to enjoy the challenge. We did a bit of checking after all the results were tallied and everyone enjoyed and felt it was an informative process and a good way of ascertaining the most qualified teams, particularly when collaboration is such an important aspect in how well teams work together and how well they can work with our project and program management teams.

This recommendation is based on the selection panel's review of the technical proposals and scoring of the oral interviews. T1 Partners received the highest score of 840 points out of a maximum of a 1,000. T1 Partners will work closely with the Program Management team in implementing the Terminal 1 Program, including close collaboration with future construction management firms that will be solicited for various parts of the overall T1 $2 billion program. The services will be at a programmatic level and will provide the appropriate expertise in large terminal construction programs, execution planning and phasing, options, program level cost and schedule controls and reporting, as well as contract and RFP preparation.

If the Commission supports this recommendation, we will negotiate a contract ... staffing, schedule, scope of services and billing rates. Following completion of successful negotiations, we will return to the Commission for award of the first year of services. This will be subject to annual renewals as we want to report to the Commission annually on the performance of T1 Partners and our satisfaction with the quality of services. We expect the first year of services on this contract will be around $5 million with up to 10 years of services up to $35 million in total contract value, The award will be subject to Board of Supervisors approval. We will return every year for award of subsequent years of services. The City CMD established a subcontracting goal of 22% and T1 Partners has committed to meeting this goal.

Commissioner Johns did not remember the timeline for this project. In the planning stage I see where you want to have 10-12 gates open at all times, I'm just curious about how we're going to do that. How are we going to keep those gates open during construction?

Mr. Satero said that the very first major program milestone is a temporary terminal facility, so we will have to establish a temporary checkpoint and passenger bridge.

Commissioner Johns asked within Terminal 1 or other locations.

Mr. Satero replied towards the eastern part of Terminal 1 which is our last phase of construction. We'll develop a temporary checkpoint and boarding area connected to the existing southwest rotunda and provide temporary gate rooms to accommodate 10-12 temporary gates.

Commissioner Johns said that this is a first for us. The Terminal 2 construction didn't affect anyone because it was a closed terminal.

Mr. Satero replied that it's going to be a very challenging phasing program. We've developed a plan; we want them to help us validate that plan. They may come up with a whole different solution and that's part of this collaboration and expertise that we're looking forward to bringing on Board. When you think about that very first milestone, we'll start that construction a year and three months from now with a temporary facility and complete it nine months later. In late 2014 or early 2015 we will have a temporary terminal facility that will be active for 3 ½ years until we complete the first phase of the new boarding area.

Commissioner Crayton asked if this contract was split up.

Mr. Satero said that Program Level Support, which is essentially reporting to our Program Manager, is going to be a single contract. We'll split up all of the construction management contracts into the various independent projects and there are about 28 different contracts we will issue, with eight of those being construction management opportunities on the various parts of the overall program. In the Master Plan we had SFO Associates as our Program Level Manager and then we had all these construction management firms that supported the project managers on the various parts of the Master Plan. We'll do it very similarly on this program to provide as many opportunities for firms to participate.

Commissioner Crayton asked if that was the way it was presented originally.

Mr. Satero replied that it was.

Commissioner Crayton said it was an excellent job.

Commissioner Stern asked about the weighting between the oral portion versus the written proposal.

Mr. Satero replied it was 600/400. Six hundred points for the technical proposals, 400 points for the interviews. We're actually considering making it 50/50 next time.

Commissioner Stern asked Mr. Satero to expand briefly on the oral portion in terms of what you're looking for and what metrics you use to score against.

Mr. Satero replied that we developed three scenarios and we gave criteria for each scenario. For instance, one scenario was the airlines expressed concern about the phasing, packaging and the cost of the phasing of this multi-year program. Please prepare a strategy on how you would advise the program manager to present to the airlines justifying this approach. The teams take five minutes and then they ask questions of the Program Manager and then they ask specific types of questions that are relevant and important to the airlines ... how does the cash flow work, how is the management structure set up, how are they engaged in the process, etc. We would provide criteria for that part of it and then they had 15 minutes to prepare for and present it. And then we had criteria that we gave them about their presentation ... who took the lead, who handles cost and schedule, etc. We had it all laid out for the selection panel to score the team.
Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Authorization to Enter into a Purchase Agreement to Purchase the Entire 7.1 Acres of Wetland Creation Credits - VII Pac Shores Holdings, LLC - $3,550,000

No. 13-0056 Resolution authorizing the Airport Director to enter into a purchase agreement with VII Pac Shores Holdings, LLC to purchase wetland creation credits for mitigation of various Airport projects.

Commissioner Johns said that we've already approved this. It's a name change, not a sale? Just because the PUC doesn't need a portion of the acreage, why do we need to do this again?

Mr. Nixon Lam, Manager, Planning and Environmental Affairs said it's primarily for a name change but there were changes to the purchase agreement. We advised the City Attorney who thought it best and proper to return to the Commission.

This item changes the name from Starwood to VII Pac Shores Holdings, LLC for the Deepwater Slough Purchase Agreement. The 7.1 Acres of deep water slough represents the last remaining 5.8 acres of wetland mitigation obligation for the Airport Master Plan. It also includes 2/10 of an acre of tidal marsh mitigation for the Runway Safety Area project.

On July 21, 2009 the Commission adopted a resolution authorizing the Airport to enter into an agreement with Starwood Capital Group to purchase 7.1 acres of wetland credit at the Deepwater Slough in Redwood City for a not to exceed amount of $3.55 million. The financial terms approved by the Commission do not change. The Airport has been waiting since 2009 for Starwood to complete the donation to transfer the property to the National Wildlife Refuge. Now that the donation agreement between Starwood and the U.S. Fish and Wildlife Service has completed, the Airport can now finalize a purchase agreement for the wetland credit created with the transfer of the Deepwater Slough to the National Wildlife Refuge. However, in preparing the draft purchase agreement we learned that Starwood changed its name to VII Pac Shores Holdings, LLC for the purpose of this transaction. The financial terms of this purchase agreement do not change. Airport staff is requesting authorization to enter into a purchase agreement with VII Pac Shores Holdings, LLC for a not to exceed amount of $3.55 million.

Commissioner Johns asked when you say it applies to the Airport Master Plan, are there specific projects, and was the Runway Safety part of it? Was the 0.2 acres added on before we did the $7 million project with the Presidio?

Mr. Lam replied that the 0.2 acres is for specific tidal marsh which is in addition to other seasonal wetlands fill for the Runway Safety Area project. The Deepwater Slough is a part of the total wetland mitigation package in addition to Presidio Trust projects.

Commissioner Johns said that we hadn't identified the Presidio Trust when we did this for the Runway Safety Area.

Mr. Lam replied that's correct. We were trying to find wetland mitigation projects

where we could.

Commissioner Johns asked if we still have some acreage banked for Master Plan projects in the future that we haven't identified yet.

Mr. Lam said that with the completion of this 5.8 acres we will be done with the Master Plan.

Commissioner Johns said that if we have anything new then we will have to find new mitigation above and beyond this project, and above and beyond the $7 million for the Presidio.

Mr. Lam replied that's correct.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Modification No. 5 to Lease No. L73-0066 with United Air Lines, Inc. for Land at the Maintenance Operations Center at Plots 16 and 16B

| | |
|---|---|
| No. 13-0057 | Resolution approving Modification No. 5 to Lease No. L73-0066, between United Air Lines, Inc. and the San Francisco International Airport, for land at the Maintenance Operations Center at Plots 16 and 16B. |

Mr. Leo Fermin, Deputy Director, Business and Finance said this item seeks approval for Modification No. 5 to the Ground Lease for United's Maintenance Operations Center and extends the term for another 10 years to June 30, 2023. The ground lease began in 1973 with a 20 year term and two 10-year options, the second of which will expire on June 30, 2013. This third 10-year option was provided under United's Bankruptcy Stipulation Agreement which you previously approved. We have negotiated two key points for this extension. First, the rental rate per acre increases by 12% from $82,686 to $93,000 per acre. Second, we are taking back approximately 6½ acres for use as overflow car parking, construction laydown, a solar power panel installation and potential gas station development. As pointed out in the cover memorandum, the current annual rent is $11,122,000, however, we do sublease back about 5.4 acres for overflow parking and offset the MOC ground rent by $453,000. So, the net current annual rent is really $10.6 million. The combined effect of the increase in the rental rate per acre and the shrinkage of the land foot print has resulted in an overall annual increase in rental revenue from $10,669,000 to $12,040,000, an increase of $1.4 million or 12.8%.

We are very happy that United has decided to keep their maintenance base here as they employ about 3,500 employees at the base. To paraphrase United's Senior Vice President who oversees technical operations at the maintenance base, this lease extension underscores United's commitment to SFO and its role as an important sensor for aviation maintenance and a premier trans Pacific hub.

Commissioner Crayton understood Mr. Fermin to say that United originally had two

10-year options and this resolution will grant them a third.

Mr. Fermin said we previously had two 10-year options and we are reaching the end of the second option. This resolution grants a third 10-year option which was provided as part of the negotiations for United's Bankruptcy Stipulation Agreement.

Commissioner Crayton said it was already in place when they received a $1 million reduction.

Mr. Fermin replied no. There will be a $1.4 million increase in what United will pay to us from today's level of rents.

Commissioner Guggenhime thought that under the Stipulation Agreement they weren't required to exercise the option.

Mr. Fermin replied that's correct.

Commissioner Guggenhime said that they could have walked away and moved the Maintenance Base somewhere else.

Mr. Fermin replied that they could have.

. . .

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 5 through 14, was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Professional Services Contract No. 9348 - As-Needed Environmental Planning Consulting Services - LSA Associates, Inc. - $950,000

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|---|---|
| No. 13-0058 | Resolution awarding a professional services contract to LSA Associates, Inc. for as-needed natural resources environmental planning in a total contract not-to-exceed $950,000 |

6. Authorization to Issue a Request for Qualifications for Professional Services for Contract No. 9352 - As-Needed Project Management Support Services

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|---|---|
| No. 13-0059 | Resolution authorizing issuance of a Request for Qualifications for As-Needed Project Management Support Services to create a consultant pool list to provide project and construction management support services for projects of the Airport's 5-Year Capital Improvement Program. |

7. Authorization to Accept and Expend FAA Grant Funds for an Airport Improvement Project under the Voluntary Airport Low Emission (VALE) Program - $1,900,000

No. 13-0060 Resolution authorizing acceptance and expenditure of FAA Grant funds in the amount of $1,900,000 for an AIP under the Voluntary Airport Low Emission (VALE) Program.

8. Establish Pool of Pre-Qualified Investment Banking Firms to Provide Bond Underwriting, Derivative Counterparty and Related Services

No. 13-0061 Resolution establishing a Pool of Pre-Qualified Investment Banking Firms to provide bond underwriting, derivative counterparty and related services for a period of two years.

Commissioner Johns noted that of the five people on this panel, two were from advisory firms that are on contract with us to provide financial advice. I don't understand how these people who are being paid by us in this financial world could be on a panel to choose bond counsels, underwriting firms. It just struck me as rather odd because I'm guessing that these people are going to be doing business with these bond counsel or interacting with them in the private world.

Mr. Fermin said that two people on the panel are from our financial advisory firm and that firm does not underwrite bonds. They do not do the same transactions as the underwriters that are being selected.

Commissioner Johns said no, but they're on contract with us. They're our financial advisors. Are you saying it has nothing whatsoever to do with bond investments?

Mr. Fermin replied they do not underwrite bonds. They strictly provide advice to us.

Commissioner Johns asked if they provide advice to us about when we should invest in bonds.

Mr. Fermin said, for example, how to structure bonds, how to structure financing, etc. They advise us on pricing questions that we have in terms of what coupon rates we should establish for different bonds. They keep abreast of the industry ... what's happening in the underwriting industry. And that's why we felt it was important to have them on the selection panel ... they could give us advice and they really know the strengths and weaknesses of each of the underwriting firms.

Commissioner Johns said that you're saying that they don't do business with any of those firms so they wouldn't have a bias one way or the other.

Commissioner Guggenhime said that these two firms gives us the expertise we don't otherwise have. As long as the City is happy, there's no conflict of interest.

9. Authorization to Issue a Request for Proposals for Contract No. 9357 Lenel On-Guard Access Control System Maintenance and Integration Services

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|---|---|
| No. 13-0062 | Resolution authorizing the issuance of a Request for Proposals for Contract No. 9357, Lenel On-Guard Access Control System Maintenance and Integration Services and authorizing staff to enter into negotiations with the highest ranked proposer. |

10. Commencement of the Request for Bids Process for the Domestic Banking Services Lease

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|---|---|
| No. 13-0063 | Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Bids and conduct an informational conference for the Domestic Banking Services Lease. |

11. Authorization to Issue a Request for Proposals for Contract No. 9351 for Veterinary Care Services

| | |
|---|---|
| No. 13-0064 | Resolution authorizing the issuance of a Request for Proposals (RFP) for Veterinary Care Services fo the San Francisco Police Department's Airport Bureau (SFPD-AB) K9 Unit and authorizing staff to conduct negotiations with the highest ranked proposer. |

12. Commencement of the Request for Proposals Process for the Airport Amenities and Business Services Lease, A Small Business Enterprise Set-Aside

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|---|---|
| No. 13-0065 | Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to issue a Request for Proposals and conduct an informational conference for the Airport Amenities and Business Services Lease, a small business enterprise set-aside. |

13. Approve 2011 Lease and Use Agreements with China Eastern Airlines Corporation Limited, and Scandinavian Airlines of North America, Inc.

| | |
|---|---|
| No. 13-0066<br>No. 13-0067 | Resolution approving 2011 Lease and Use Agreements with China Eastern Airlines Corporation Limited, and Scandinavian Airlines of North America, Inc. at San Francisco International Airport. |

14. Assignment and Assumption of Domestic Terminal Food and Beverage Lease No. 03-0189 from Burger King Corporation to Gate 74, Inc.

No. 13-0068 Resolution consenting to the assignment of Domestic Terminal Food and Beverage Lease No. 03-0189 from Burger King Corporation to Gate 74, Inc. and assumption of the Lease by Gate 74, Inc.

* * *

G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:31 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**April 2, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
April 2, 2013

Services for Runway Safety Area Program 13-0076

8. Bid Call - Contract 9354 - Taxiway Z1 Blast Deflector 13-0077

9. Modification No. 1 to Contract 8670A - RSA - Runway 10R Paving and Lighting - Gallagher & Burk, Inc. 13-0078

10. Modification No. 3 to Contract 8489 - Emergency Response Marine Rescue Facility - Schembri Construction 13-0079

11. Modification No. 1 to Contract 8582R - Rental Car Center, AirTrain Station Exit Stair - LC General Engineering & Construction 13-0080

12. Modification No. 1 to Contract 8976 - Terminal 3 Hub Food Court Expansion - LC Engineering & Construction 13-0081

G. NEW BUSINESS:

H. CORRESPONDENCE:

I. CLOSED SESSION:
Prospective Settlement - Lehman Brothers

J. ADJOURNMENT:

AIRPORT COMMISSION MEETING MINUTES
April 2, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

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|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of March 19, 2013 were adopted unanimously.

No. 13-0069

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D. ITEMS INITIATED BY COMMISSIONERS:
Commission Mazzola said that in an effort to keep the ball rolling on the appointed committee to study naming the Airport we have completed the appointments. The Commission Secretary was asked to read the list of names and their affiliations.

Linda Crayton, Airport Commissioner
Caryl Ito, Former Airport Commissioner
Melina Yee Franklin, United Airlines, Director, Corporate and Government Affairs, Western Region
Roseanne Foust, San Mateo County Economic Development Association (SAMCEDA), President & CEO
Lee Blitch, Retired Vice President of San Francisco State University and former CEO of the SF Chamber of Commerce
Joanna Hayes White, Chief of San Francisco Fire Department
Pamlea H. David, Walter and Elise Haas Fund, Executive Director and Board Member of the National Gay and Lesbian Task Force
Jon Ballesteros, SF Travel, Vice President-Public Policy
Larry Mazzola, Chair of Committee, President, Airport Commission

Commissioner Mazzola said that I'm very pleased that these people are a nice cross section of the City and they've agreed to serve on this committee. The next step will be to coordinate a date and to see what we can do, coming up with a policy for the future.

* * *

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Award Contract 9082B - Job Order Contracting (JOC) Construction Services - Angotti & Reilly - $1,000,000

No. 13-0070 Resolution awarding Contract No. 9082B, Job Order Contracting (JOC) Construction Services to Angotti & Reilly in the amount not to exceed $1,000,000.

Mr. Ivar Satero, Deputy Director, Airport Development and Technology said this item awards the second of two pilot program JOC contracts providing for task order construction services. As you recall from the award of the first JOC contract at the last meeting, the bidders proposed their markup fee which is to be applied to the bid book that was prepared previously by the Gordian Group under a professional services contract. We originally intended to award two contracts simultaneously with the two bidders submitting the lowest mark-ups, subject to any LBE discount, being the ones to receive the award of the JOC contracts. In determining the two low bidders, the first low bidder was not a problem and we awarded that contract. Bidders 2 and 3 both appeared to have issues regarding responsiveness so we did not proceed with award of the second contract at the last meeting as it required further review with Airport Legal and the City's CMD. We completed review of the two submittals and determined that both Anvil, the second low bidder, and Sea Pac are non-responsive. Anvil does not meet the minimum requirements as a general contractor ... five years minimum experience. Sea Pac did not provide the proper CMD forms to determine whether they would meet the LBE requirements, so CMD determined them to be non-responsive. The fourth low bidder, Angotti & Reilly, is determined to be responsive and meets the requirements of the bid documents and therefore is eligible for award of the second contract. This is a pilot program and we are requesting $1,000,000 for award with up to two years of services for this contract. It's very similar to the first contract award. Our intent is to either exhaust the $1,000,000 or reach the two year duration. We will return to the Commission with a recommendation on whether to proceed with further JOC contracting services for SFO to supplement the City and SFO maintenance workforces. Angotti and Reilly has committed to meeting the 25% LBE subcontracting goal, however, it will be largely dependant upon the type of task orders assigned to the contractor. We will work very closely with CMD as we go through that process. We have the appropriate controls in place to ensure payment of prevailing wage on these contracts.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Lease between American Airlines, Inc. and the San Francisco International Airport for the Southeast Half of the Super Bay Hangar and Appurtenant Land at Plot 40

No. 13-0071 Resolution approving a Lease between American Airlines, Inc. and the San Francisco International

Airport, for the Southeast Half of the Super Bay Hangar and appurtenant land at Plot 40.

Mr. Leo Fermin, Deputy Director, Business and Finance said I'm happy to report that American Airlines has decided to enter into a new lease for their space in the SuperBay Hangar. This site is at the northeast turn end of the Airport reached by driving along the Bay past Signature's Executive Air Terminal. American's previous lease began on January 1, 2005 and ended June 30, 2009. They had a five year option which they did not exercise but instead went into holdover status. Their initial rent was $3.1 million annually and over time was increased to $3.8 million. This new lease is effective July 1, 2013 and will be for a 3-year term with two one-year options. On July 1 the annual rent will increase 12%, from $3.8 to $4.3 million. United is the other tenant. United has a ten year extension option and I'm happy to report that two weeks ago United exercised their option effective July 1, 2013. United's annual rent will increase from $3 million to $3.6 million.

Commissioner Guggnhime said it's a great thing ... we're lucky. It's great for employment, for space utilization, and great for increased revenue. Thank you.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 3 through 12, was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Consent of Merger between United Airlines, Inc. and Continental Airlines, Inc. and Consent to Transfer Certain United Air Lines' Leases to Continental Airlines, Inc.

No. 13-0072 — Resolution consenting to: 1) the merger between United Airlines, Inc. and Continental Airlines, Inc. and 2) transfer of certain United Airlines' Leases to Continental Airlines, Inc.

4. Execution of a Letter of Credit and Reimbursement Agreement with U.S. Bank National Association as the Letter of Credit Provider ($100 million principal amount) to Secure the Airport's Issue 36A Variable Rate Bonds, and Approval of Certain Related Actions

No. 13-0073 — Resolution authorizing execution of a Letter of Credit and Reimbursement Agreement with U.S. Bank National Association, as the Letter of Credit provider, to replace the existing Letter of Credit supporting the Airport's Issue 36A Variable Rate Bonds.

5. Contract Amendment to Exercise a One-Year Option to Extend the Issuing and Paying Agent Professional Services Contract 8883 with Deutsche Bank National Trust Company and to Assign Contract No. 8883 to U.S. Bank National Assn.

No. 13-0074 Resolution exercising the first one-year option to extend the Airport's Issuing and Paying Agent Contract with Deutsche Bank National Trust Company for continued maintenance of funds and accounts related to the Commercial Paper Program and assign the Issuing and Paying Agent Agreement to U.S. Bank National Association.

6. Approval of Lease Specifications, Minimum Qualifications and Proposal Requirements, and Authorization to Accept Proposals for the Boarding Area "E" Newsstand Lease, A Small Business Enterprises Set-Aside

No. 13-0075 Resolution approving the Lease specifications, minimum qualifications and proposal requirements, and authorization to accept proposals for the Boarding Area "E" Newsstand Lease, a Small Business Enterprise Set-Aside.

7. Modification No. 1 to Professional Services Contract No. 9348 with LSA Associates, Inc. to Include Federally-Funded Archeological and Biological Monitoring Services for the Runway Safety Area Program - $266,800

No. 13-0076 Resolution approving Modification No. 1 to Professional Services Agreement with LSA Associates, Inc. to increase compensation in an amount not-to-exceed $266,800 for increased scope of work to include Archeological and Biological Monitoring Services for the RSA Program, and add Federal contract provisions applicable to monitoring tasks only, for a new total contract amount not-to-exceed $1,216,800.

8. Bid Call - Contract No. 9354 - Taxiway Z1 Blast Deflector

No. 13-0077 Resolution approving the scope, budget, and schedule for Contract No. 9354, Taxiway Z1 Blast Deflector, and authorizing the Director to call for bids when ready.

9. Modification No. 1 to Contract 8670A - Runway Safety Area - Runway 10R Paving and Lighting - Gallagher & Burk, Inc. - Contract Extension at no additional cost to the Airport

No. 13-0078 Resolution approving Modification No. 1 to Contract 8670A, Runway Safety Area Runway 10R Paving and Lighting, with Gallagher & Burk, Inc. to extend

the contract duration by 200 calendar days, at no additional cost to the Airport.

Commissioner Johns said Items 9, 10, 11, and 12 are the same. What is this?

Mr Satero replied that they are time extensions and they clean up contracts that had lapsed. It was an oversight. It was our intent to clean up some old contracts that we should have been tracking more closely. We have changed our processes to make sure that we track those expiration dates more closely.

Commissioner Johns replied that some of this seems to be checklist issues. It's more than just cleaning up.

Mr. Satero agreed. They're fairly small contracts. The biggest one is the MERF at $5.5 to $6 million, and a couple of $400,000. The contractor is obligated to request a time extension. These contracts were all due extensions because of Airport requested changes. We should have been more proactive in contract administration and saying you need to request a time extension. These time extensions are not in dispute. We caused the delay and agreed to a time extension at no cost. We should have been monitoring that expiration date more closely and that's what we need to do going forward.

10. Modification No. 3 to Contract 8489 - Emergency Response Marine Rescue Facility - Schembri Construction - Contract Extension at no additional cost to the Airport

No. 13-0079 Resolution approving Modification No. 3 to Contract No. 8489, Emergency Response Marine Rescue Facility, with Schembri Construction, to extend the contract duration by 159 calendar days, at no additional cost to the Airport.

11. Modification No. 1 to Contract No. 8582R - Rental Car Center, AirTrain Station Exit Stair - LC General Engineering & Construction - Contract Extension at no additional cost to the Airport

No. 13-0080 Resolution approving Modification No. 1 to Contract No. 8582R, Rental Car Center, AirTrain Station Exit Stair, with LC General Engineering & Construction, to extend the contract duration by 105 calendar days, at no additional cost to the Airport.

12. Modification No. 1 to Contract 8976 - Terminal 3 Hub Food Court Expansion - LC Engineering & Construction - Contract Extension at no additional cost to the Airport

No. 13-0081 Resolution approving Modification No. 1 to Contract

8976, Terminal 3 Hub Food Court Expansion, with LC General Engineering & Construction, to extend the contract duration by 142 calendar days, at no additional cost to the Airport.

* * *

G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

I. CLOSED SESSION:
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION / PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code Section 54956.9 and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL regarding anticipated litigation as defendant. Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2), and San Francisco Administrative Code Section 67.10(d)(2): Lehman Brothers Special Financing Inc. and Lehman Brothers Holdings Inc., claimants, against the San Francisco Airport Commission.

Proposed settlement in the sum of $70,000. DISCUSSION ONLY.

(d) [RECONVENE IN OPEN SESSION]
(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code Section 54957.1(a)) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

* * *

J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:15 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**April 16, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
April 16, 2013

AIRPORT COMMISSION MEETING MINUTES
April 16, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of April 2, 2013 were adopted unanimously.

No. 13-0082

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D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Retirement Resolution Mr. Thomas Thrift

No. 13-0083 Resolution thanking Mr. Thomas Thrift for over 20 years of faithful service with the City and County of San Francisco.

Mr. John Martin, Airport Director said Thomas Thrift is retiring from the Operations Division. I wish him well for his contributions over many years.

Commissioner Mazzola congratulated Mr. Thrift on his retirement.

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E. ITEMS INITIATED BY COMMISSIONERS:
Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

2. Confirmation of Members of the Airport Renaming Committee

No. 13-0084

Commissioner Mazzola said that he has appointed the Airport Renaming Committee. Our first meeting is scheduled for May 13 at 2:00 PM, 101 Grove Street (Department of Public Health), Room 300. We need a motion to adopt.

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F. POLICY:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Modification to Clean Vehicle Taxicab Policy to Phase Out CNG Taxi Front-of-Line Privilege Program

No. 13-0085 — Resolution modifying the Clean Vehicle Taxicab Policy to phase out the Airport's Front-of-Line Privilege Program for Compressed Natural Gas (CNG) Taxis, effective January 1, 2015.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said staff is seeking Commission approval to phase out the CNG Taxi Front-of-Line Privilege Program at SFO. The policy was initially put into place in 2000 and further refined in 2008 as an incentive for taxi operators with CNG vehicles to be allowed front of the line access to the Airport's taxi waiting lot prior to picking up a fare. Since that time, there have been significant advancements in technology that have resulted in approximately 95% of the City's taxicab fleet meeting the Department of the Environment's strict Greenhouse Emissions standards. Today, the overwhelming majority of taxicabs are hybrid vehicles, gasoline electric, which make up over 80% of the City's taxicab fleet. Over the years we've seen a decline in CNG vehicle use, primarily due to hybrid vehicles getting significantly greater mileage per gallon, greater overall range, and having far more refueling opportunities throughout the City. Many hybrid taxi drivers want this policy phased out immediately and CNG drivers want the policy to remain in effect, because almost all San Francisco taxicabs now meet the green vehicle criteria. We think it appropriate and fair to all drivers that we begin to phase out the CNG front of line privilege as it is simply no longer necessary. We plan to phase out the program over the next year and a half, allowing CNG owners to continue benefitting from this incentive as the policy change occurs. The proposed year and a half provides a reasonable compromise that allows CNG taxi owners an extended time period to recoop their investment. It will become effective Jan. 1, 2015 and terminate any new vehicle entries to the program effective May 2, 2013.

Commissioner Johns assumed that Mr. Littlefield was saying that during the phase out period no new vehicle entries will be accepted.

Mr. Littlefield replied that's correct. New entries will stop May 2, 2013.

Commissioner Guggenhime asked if we ever 140 cabs.

Mr. Littlefield replied that we never reached 140, but we came close.

Commissioner Guggenhime said that all we're doing is not allowing anyone else to have that privilege after May 2, 2013. Correct?
Mr. Littlefield replied that's correct.

Commissioner Johns said you're giving them a year and a half more to use that front of the line privilege.

Mr. Littlefield replied yes. It ends in 2015.

Commissioner Guggenhime noted that 5% of the total cabs at the Airport will not be green efficient, and you're hoping that by then they all will be.

Mr. Littlefield replied that's certainly our desire.

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G. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. Award Contract 8673 - Airfield Operations Facility - Galliera, Inc., dba Trico Construction - $9,165,618

No. 13-0086 Resolution awarding Contract No. 8673, Airfield Operations Facility, to the lowest responsive, responsible bidder, Galliera, Inc., DBA Trico Construction, in the amount of $9,165,618.

Mr. Ivar Satero, Deputy Director, Airport Development & Technology said this project replaces the current temporary Airfield Operations facility and will provide a staff of 45 with updated facilities including conference space, offices, and break areas. The project consists of two major elements, an office building of approximately 8,500 sq. ft., and a parking area of 11,700 sq. ft. for equipment and vehicles. This project will achieve LEED Gold certification and will be the first Airport facility to achieve a net zero building rating. Four bids were received, and all four bidders received the 10% LBE bid preference. We received a bid protest from the second low bidder, Trans World, claiming violations of subcontractor listing. We reviewed the claimed listing violations with the City Attorney's Office and determined them to be without merit. Of specific interest was the listing of the LBE subcontractor. Only the amount needs to be listed within 24 hours for claiming the LBE credit. They put the full amount of the subcontract agreement but didn't rely on that amount for the LBE credit. There was another claim of inappropriate lower tier subcontractor listing, but because that scope of work was less than ½ of 1%, that claim was also determined to be without merit.

The three low bids are within 5% of one another, indicating a clear understanding of the contract requirements. The low bid is approximately 17% over the Engineer's estimate so we did a debrief with the independent estimator and essentially found that there were overages in the electrical cost and the building envelop cost. It also appears that economic conditions are driving up construction

pricing, and the estimator made incorrect assumptions in the scoping of the work. Therefore, there was an error in the estimate. They also relied on some supplier information that didn't materialize in the bids for the building envelope system.

Trico has committed to achieving the 14% LBE subcontracting goal.

Commissioner Crayton, in looking at the subcontractor amount, asked what Quality Erectors are.

Mr.Satero explained that it was steel.

Commissioner Crayton asked if they were from here or overseas.

Mr. Satero said that Quality Erectors is a local firm. They do a lot of work in the Bay Area.

Commissioner Crayton asked if they worked on the Bay Bridge.

Mr. Satero replied that they are a much smaller operation than that, but it's that kind of work. Steel supply and welded connections.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

5. Award Contract 9185.9 - Terminal 1/Boarding Area B Redevelopment Program Management Support Services - T1 Partners, A J.V. of Parsons Transportation Group, Inc., The Allen Group, LLC, and EPC Consultants, Inc. - $4,453,178

No. 13-0087 Resolution awarding Professional Services Agreement, Contract 9185.9, Terminal 1/Boarding Area B Redevelopment Program Management Support Services, to T1 Partners, a J.V. of Parsons Transportation Group, Inc., The Allen Group, LLC, and EPC Consultants, Inc., in an amount not to exceed $4,453,178 for the first year of services.

Mr. Satero said we've completed negotiations with the consultant for scope, staffing, billing rates and markups and we've determined an amount of $4.45 million for the first year of services. T1 Partners will provide key personnel and support of the T1 program, including a Deputy Program Manager, Program Controls Manager, Program QRT Manager, as well as specialized expertise in the areas of Baggage Handling Systems, Security and Special Systems and sustainability. They'll also provide administrative support for contracts. These services will be required throughout the duration of the 10-year program. The estimated contract cost of completion is in the neighborhood of $35 million. The contract is subject to Board of Supervisors' approval, pending Commission award. The City's CMD established a subcontracting goal of 22% and T1 Partners has committed to meeting this goal.

Commissioner Crayton asked if this is Part 2 of what was previously approved.

Mr. Satero responded that because this contract is so large we thought it was appropriate to first ask for negotiation authorization and then return for award. The request to negotiate was at the last Commission meeting.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Approval to Exercise The Five-Year Option, and Amendment No. 2 to Five (5) Rental Car Center Operations Leases

| | |
|---|---|
| No. 13-0088 thru No. 13-0092 | Five Resolutions approving the Exercise of the Five-Year Option Term from Jan. 1, 2014 thru Dec. 31, 2018 and Amendment No. 2 to Rental Car Center Operations Agreements with (1) the Hertz Corp., (2) Avis Budget Car Rental, LLC, (3) EAN-Northern California, LLC, (4) DTG Operations, Inc., and (5) Fox Rent a Car, Inc., and direct the Commission Secretary to seek Board of Supervisors approval. |

Mr. Leo Fermin, Deputy Director, Business and Finance said the current Rental Car leases have a five-year term with a single five-year option. The initial five year term ends December 31, 2013 and we are requesting your approval to exercise a single five-year option to extend the term to December 31, 2018. With this extension, ground and structure rents will increase by almost $2 million annually.

We are also requesting approval to make five lease modifications. First, we are inserting language to give us the ability to terminate the leases in case we make substantial renovations to the existing Rental Car Center (RAC) or build a new facility. This would give us the ability to rebid new leases with new cost recovery provisions to recoop our capital investment. The existing RAC is overcrowded at peak times and we are just beginning to study various ideas to modify the existing building, such as moving the lobby to the ground floor or perhaps building a new RAC in the Lot DD area. At this time it's too early to know the best course of action, but we want to have our leases ready to accommodate any changes that may arise over the next five years. Second, we're adding language to be able to cluster rental car brands of the same company in the same general areas of the building. Third, we are adding language to exclude bridge tolls from the definition of gross revenues, for the purposes of the concession fee. Fourth, we are just in structure and ground rents, as mentioned earlier, and with the rent adjustments the total structure and ground rents at the RAC will increase by almost $2 million, or 12.3% from $15.7 million in this calendar to $17.6 million in 2014. This is in addition to the 10% concession fee which last year totaled $45.6 million. The final modification gives the Airport Director the ability to approve subleasing. From time to time, the rental car companies may want to temporarily sublease small amounts of parking spaces amongst themselves within the garage and this is a means to expedite that temporary allocation of space.

Commissioner Guggenhime asked why we're extending Fox, for example, when they're so small.

Mr. Fermin said that if we were to bring in someone else we'd have to re-bid the leases.

Mr. John Martin, Airport Director said that we had a certain number of leases in the original package and Fox was one of the companies that submitted and qualified. There are other off-Airport operators, companies that don't operate from our building, and they still pay an 8% fee, or 10% fee. They're still subject to the gross receipts.

Mr. Martin said there are some other operators. We had problems with some operators that were not licensed and we're taking legal action with respect to that.

Commissioner Stern asked if the point is to put a new lease agreement in place at the end of this five year option.

Mr. Fermin replied that at the end of the five year period we would re-bid the leases.

Commissioner Johns asked if these were all of the rental car companies or were there others with leases that expired at a different time.

Mr. Fermin replied that these are all of the rental car companies on the property.

Commissioner Crayton said that she hears a lot of grumbling from rental car employees regarding the number of hours they work, with no breaks or lunch, etc. Has the Airport been brought up to date, or has someone spoken with you about those issues.

Mr. Fermin said it has not come to my attention about employee dissatisfaction working for the rental car companies.

Commissioner Crayton said I know it's one particular company. I thought it had been brought to the Airport's attention.

Mr. Fermin said no, but certainly if it's brought to our attention we would be happy to look into the matter.

Mr. Martin said we can ask Bill Wong and staff to check it out. Most of these employees are represented by the Teamsters and I think they'd be on the issue.

Item No. 7 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

7. <u>Commence Pop-Up Retail Concession Program in Terminal 3, Boarding Area E</u>

No. 13-0093 Resolution approving the proposed minimum

qualification requirements and agreement terms, and authorizing staff to commence the pop-up Retail Concession Program in Boarding Area E of Terminal 3, including delegation of authority to Airport Director.

Mr. Fermin said that as we renovate Boarding Area E we are creating two spaces which we are calling the Pop Up Retail spaces. One space will be about 280 sq. ft. and the other about 485 sq. ft. These spaces will be used to give small local retail businesses an opportunity to offer their merchandise to passengers for about 6-12 months. We will build out those spaces and seek small local retailers interested in a trial to gauge whether their merchandise concepts appeal to passengers and whether these concepts are viable for a regular concession lease as permanent concession spaces become available throughout the Terminal complex. We want to showcase local bay area merchandise and products made by small businesses. In the last few months, staff has conducted outreach to solicit feedback and create interest in this pop up retail opportunity. To date, staff has visited 20 retail shops in many San Francisco neighborhoods, including Mission Terrace, South of Market, Dog Patch, Fillmore, North Beach, Hayes Valley, the Sunset and Potrero Districts. We will continue this outreach to get the word out. We will be placing advertising and notices on various business web sites and ethnic Chambers of Commerce. We are scheduling an informational meeting on May 7, and after that we plan on conducting a workshop on how to prepare a proposal. Our target is to return to you at the second meeting in July to award two pop up spaces to the first two concepts to be showcased.

Commissioner Guggenhime said that we did this in the early 80s and 90s and asked why we stopped.

Mr. Fermin said we did this initially through a kiosk program and the retailers who were part of the program grew and became part of our permanent program.

Commissioner Crayton asked how it would work. Would they have to have a $250,000 bond and other things. Do those requirements still exist?

Mr. Fermin said part of the difficulty we've experienced is that when we try to get small retail businesses interested in lease opportunities, the shared dollar amount of the build out was prohibitive and they weren't sure at the time whether or not their concepts would take off and their product would be a success. People were understandably hesitant to invest a large amount of money for a five or seven year lease, not knowing if their concept would make it. This serves as a trial. They don't have to money up to build out the storage space; we'll take care of that for them. There'll be a store fitted out and ready to go; we'll just put the signs on for them. They'll bring their merchandise in for 6 to 12 months and see if it's viable. In that way they minimize their risk and their investment, and they can gauge to see whether this is something that might be viable for them in the future. At the same time, it gives us a chance to evaluate the concept and see where such a concept might best fit among all the different offerings throughout the terminals. As leases expire, we can schedule a rebid with that concept in mind.

Commissioner Johns didn't understand the logistics.

Mr. Fermin said both spaces will be retail. There may be prepackaged food type products but nothing where you sit and eat, and no quick serve concept. This is strictly retail as our challenge has been to find small retail businesses willing to operate at the Airport.

Commissioner Johns asked what happens after a successful year with one of the pop-up operators and we don't have a space available. If there is no one else in line, is there an opportunity for that successful retailer to continue, or is that not part of this program.

Mr. Fermin said that would be possible if there was no one else in line, but we would have to solicit new proposals and that retailer would have to submit a proposal to continue.

Commissioner Johns asked if they would understand that up front.

Mr. Fermin said we will make that clear to everyone.

Commissioner Johns said I think it's a great idea.

Commissioner Crayton said it's a great idea but the requirement of $200,000 in annual revenue prior to being a pop up is a lot of money.

Mr. Fermin said we discussed that level of business. We were concerned about setting the threshold too low. We want to make sure we get retailers that have a minimum amount of experience in the business. We don't want someone with no experience whatsoever coming in. We floated that idea with the various shops we visited and the owners didn't really give any push back on that threshold.

Commissioner Crayton asked if the information came from the neighborhoods.

Mr. Fermin replied that we visited different retail shops and when we spoke to retailers we told them what we were thinking. We also floated the idea of the minimum requirements.

Commissioner Crayton asked if these retailers are at the Airport or in the neighborhoods.

Mr. Fermin said in the neighborhoods.

Commissioner Crayton asked if they were okay with the threshold.

Mr. Fermin said that no one complained about it or said it was too high.

Commissioner Guggenhime said that if you don't get a sufficient number of applicants, you're really pricing out.

Commissioner Crayton said that's a lot of money in this economy.

Mr. Fermin agreed.

Commissioner Crayton asked what neighborhoods staff went to.

Mr. Fermin replied South of Market, Dog Patch, Fillmore Street, North Beach, Hayes Valley, the Sunset, Potrero, Mission Terrace.

Commissioner Crayton said this is a great idea, but I still think $200,000 may be limiting for some people.

Mr. Fermin said we plan to discuss it again at the Informational Conference and see what the attendees recommend and what they respond with. It's not cast in stone yet. It's a preliminary idea.

Commissioner Crayton said that's what I'm looking for.

Commissioner Crayton said it's an excellent idea; very well thought. My only concern is how do we get new operators.

Item No. 8 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

8. Approval of a Letter Agreement with Bay Area Rapid Transit (BART) to reimburse for the value of the Premium Fare of $1.50 per trip for Airport-Badged Employees in an amount not to exceed $169,100 annually for a nine-year term

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|---|---|
| No. 13-0094 | Resolution approving a letter agreement to reimburse Bay Area Rapid Transit (BART) for the value of the premium fare of $1.50 per trip for Airport-Badged Employees in an amount not to exceed $169,100 annually for a nine-year term. |

Ms. Julian Potter, Chief of Staff said as you know, BART charges a premium fare, also known as a surcharge for riders traveling to and from the Airport. This item requests approval of a waiver of the BART surcharge for badged employees. You'll remember that in July 2009 BART raised the surcharge from $1.50 to $4.00. Understanding the financial burden this fare would place on Airport employees, Staff negotiated a reduction back down to $1.50. Today, I'm happy to report that the Airport has successfully negotiated a zero surcharge for Airport employees. The remaining $1.50 will be covered by a new agreement with BART. If approved, the elimination of the entire surcharge for employees begins on July 1, 2013. SFO will reimburse BART for all of its lost surcharge revenue, up to a maximum of $169,100 annually. This annual amount was calculated from a base line year of ridership. The $169,000 is a cap; it's the highest amount the Airport will pay in any given year. For example, if fewer employees take BART, which we do not anticipate happening, SFO will only pay the actual lost surcharge fare revenue which will be based on the actual number of employee trips taken. On the other hand, if ridership goes up, which is what we anticipate, then SFO's payment will be reduced by the amount of new fare revenue that BART will

generate from these additional trips. Finally, in the best case scenario, if we were able to increase ridership to a point that new fare revenue to BART is generating more money than the baseline amount, then we will not owe BART any money. This is a good Transit First Policy and it could save employees up to $700 per year on their transportation costs. If passed, our Marketing and Communications staff will put together a promotional campaign.

Commissioner Johns asked how BART knows it's an SFO employee. What's the procedure?

Ms. Potter replied there is a specific BART fare card for employees. Badged employees sign up on line and money is deposited to your account on this card.

Commissioner Johns asked if increased ridership to the Airport included just employees, or other riders as well.

Ms. Potter replied just employees. BART knows when an Airport badged employee goes in or out of the Airport. We counted them all for one year and said this is the baseline. Now they will be counted every month and we'll receive monthly reports. At the end of the year we'll have a true up.

Commissioner Crayton thought the term of the lease is to 2053.

Ms. Potter replied that 2053 is the term of the Use and Lease Agreement with BART that was negotiated in 2003. This is not an addendum to that Lease because we didn't want to open the lease up again. This agreement has a nine year term.

Commissioner Johns asked what it was that she read in the paper that BART did. Was it the waiver?

Mr. Martin replied that this is the item. BART approved this last week.

Commissioner Johns asked what we are paying now.

Ms. Potter replied that a few years ago we negotiated several things in addition to the reduction from $4 to $1.50. We also negotiated a reduction in the waiver of the annual security deposit, we stopped the shuttle bus, and they are now able to pay their $2.5 million in rent on a monthly basis.

Commissioner Johns asked if it cost us more than the $169,000.

Mr. Martin replied that it did. We're not paying any hard dollars today. Doing away with the surcharge is a new program.

Mr. Martin said we think it's fair to all of our employees because no other employees who ride BART throughout their system are subject to a surcharge.

Commissioner Johns asked if we know how many more employees might use it ...

a ballpark figure.

Ms. Potter responded that currently about 1,300 employees actually have the card but the average is about 355 users per day. Again, we're going to do a promotional Transit First campaign to try to encourage ridership.

Commissioner Crayton said it's a win, win situation.

Mr. Martin responded it is.

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H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 9 through 16, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

9. Approval Settlement of Unlitigated Claim in the Amount of $70,000 by Lehman Brothers Special Financing Inc. and Lehman Brothers Holdings Inc. Against the Airport Commission Relating to 2008 Termination of Two Interest Rate Swaps

No. 13-0095 — Resolution approving a $70,000 settlement to be paid by the Airport to Lehman Brothers Special Financing Inc. And Lehman Brothers Holdings Inc. to settle Lehman's claim regarding the calculation of the amount due by the Airport in connection with the termination of two interest rate swaps in 2008.

Commissioner Crayton asked if this was an old issue.

Mr. Martin replied that we had a settlement.

10. Modification No. 1 (Trade Bid Package Set A) to Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase I - McCarthy Building Companies - $1,383,960

No. 13-0096 — Resolution adding Trade Bid Package Set A to Contract 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project, with McCarthy Building Companies in an amount of $1,383,960, for a new total contract amount of $5,533,960.

11. Execute Letter of Credit and Reimbursement Agreement with Royal Bank of Canada for a Letter of Credit with a Principal Amount of $100 Million to Secure the Airport's Commercial Paper Notes, and Approval of Certain Related Actions

NO. 13-0097 — Resolution approving the execution of a Letter of Credit and Reimbursement Agreement with Royal

Bank of Canada, as the Letter of Credit provider, to support the Airport's Commercial Paper Program.

Commissioner Johns asked if they are just approving this Letter of Credit (LOC). When the Letter of Credit actually gets executed and they extend $100 million, will that be brought before us?

Mr. Fermin said the LOC supports a $100 million line of credit through commercial paper. When we issue commercial paper, it's issued on an as needed, temporary basis. The issuance of up to $100 million was previously authorized by the Commission.

Commissioner Johns assumed that we are not adding any new debt.

Mr. Fermin replied not at this time. The LOC is basically the credit facility underlying our ability to issue new commercial paper.

Commissioner Guggenhime said that in other words, the Commission approved $400 million of commercial paper, and at the current time we only got $200 million. So you're issuing another $100 million.

Mr. Fermin said we have the ability to go up to an additional $100 million.

Commissioner Guggenhime said we've already approved $400 million so what you're asking is approval of the LCO to support the additional amount that we're asking.

Commissioner Johns said that we're not adding to the cap. Correct?

Mr. Fermin said basically of the $400 million you've authorized, we have LOCs fo $200 million. We're adding another $100 million to bring it up to $300 million of the $400 million you've authorized.

Commissioner Crayton asked if we're using the same firm that we've been using.

Mr. Fermin replied this is a new LOC bank. We did an RFP to create a pool and this bank is drawn from that pool.

Commissioner Crayton said I know that bank, but there's another financial advisory person that we work with.

Mr. Fermin said we're using the same financial advisory team that we've been using for the past several years ... Public Financial Management.

Mr. Martin said Vince McFarley.

Mr. Fermin added Backstrom.

Commissioner Guggenhime said they're charging an annual fee of 0.55%, correct?

Mr. Fermin replied that's correct.

12. Authorization of Phase 2 Services Under Contract No. 8924B - Development of SFO Sustainability Plan - Vanasse Hangan Brustlin, Inc. - $242,093

No. 13-0098 — Resolution authorizing Phase 2 services under Contract No. 8924B, Development of SFO Sustainability Plan, with Vanasse Hangan Brustlin, Inc. in an amount not to exceed $242,093.

13. Amendment to Professional Services Contract 9204 with Economic Development Research Group, Inc. - Extend Contract Term for One Year and Increase the Contract Amount by $35,000 for a Total Not To Exceed Contract Amount of $184,778

No. 13-0099 — Resolution extending Professional Services Contract 9204 with Economic Development Research Group, Inc. for one year and increase the contract amount by $35,000 for a total contract amount not to exceed $184,778.

14. Modification No. 1 to Contract No. 8496 - Airport Operations Area Security Checkpoints Improvements - Bay Area Systems and Solutions, Inc., dba BASS Electric - $141,095

No. 13-0100 — Resolution approving Modification No. 1 to Contract 8496, Airport Operations Area Security Checkpoints Improvements, with Bay Area Systems and Solutions, Inc., dba BASS Electric, Inc., increasing the contract amount by $141,095 for a new total contract amount of $2,134,105.

15. Modification No. 1 to Contract 3590D - RSA South Field Substation "BR" Relocation - Bass Electric, Inc. - Contract Extension at no additional cost to the City

No. 13-0101 — Resolution approving Modification No. 1 to Contract 3590D, RSA South Field Substation BR Relocation, with Bass Electric, Inc., to extend the contract duration by 70 calendar days at no additional cost to the Airport.

16. Authorization to Exercise the Two-Year Option under K-Delight's Garage Taxi Staging Area Mobile Catering Truck Lease No. 11-0017

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|---|---|
| No. 13-0102 | Resolution exercising the two-year option to extend the term of K-Delight's Garage Taxi Staging Area Mobile Catering Truck Lease No. 11-0017, for an option term of Jan. 26, 2014 thru Jan. 25, 2016. |

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I. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

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J. CORRESPONDENCE:
There was no discussion by the Commission.

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K. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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L. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:40 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**May 7, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
May 7, 2013

AIRPORT COMMISSION MEETING MINUTES
May 7, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of April 16, 2013 were approved unanimously.

No. 13-0103

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D. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners:

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E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Modification No. 7 (Trade Bid Packages 36, 38, 39 and 41.1, and Change Order No. 21) to Contract 8974B - Design-Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Co. - $14,000,018

No. 13-0104 Resolution approving Modification No. 7, adding Trade Bid Packages 36, 38, 39 and 41.1; and Change Order No. 21 to Contract 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, in an amount of $14,000,018 for a new total contract amount of $93,580,206.

Mr. Ivar Satero, Deputy Director, Airport Development & Technology said this Trade Bid Package awards the seventh set of bid packages adding various scopes of work including column covers and interior wall coverings, apron paving, passenger boarding bridges, and the 400Hz ground power system. It also

authorizes Change Order 21 which incorporates the Airport's local area network equipment for the LAN and SLAN systems. The new total contract amount will be $93,580,206. In accordance with the Administrative Code, the trade bid packages were bid to a minimum of three pre-qualified bidders, with the exception of the 400Hz system which was a negotiated scope of work with MCM Engineering, permitted under the 7 ½% allowance for negotiated work by the Admin. Code.

There were a couple of anomalies in the bids ... there were two low bids, one on apron paving and one on the direct purchase of the 400H. We're doing a post mortem on that. There were additional scopes of work in the estimate that were then taken out of that estimate and put into other trade packages, for instance, all of the grade preparation was done under the site work contract. We determined that the bids are appropriate in comparison to the adjusted Engineer's estimate.

We are forecasting a cost at completion in excess of the budget by about $1.6 million. We continue to work on value engineering opportunities for the remaining bids scopes of work and we continue to maintain appropriate cost contingencies in the overall forecast to protect the various risk categories. Hensel Phelps is achieving 17% LBE participation in comparison to the goal of 14%.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Authorization to Establish Pools of Qualified Airport Management Consultants

No. 13-0105 — Resolution establishing pools of qualified firms to provide Airport Management and Financial Consulting services.

Ms. Denise Martinez, Finance Director said this item approves qualified consultant pools for Airport Management and Financial Consulting Services. In response to a request for qualifications that was issued in January of this year, we received statements of qualifications from 13 firms and consulting pools with many of those submitting in more than one subject area. All firms met the minimum qualifications and based on the evaluation panel scores, all exceeded the 65 point threshold in subject areas for which they submitted. This will establish four pools, Bond Feasibility and Financial and Capital Analysis with 10 firms, Air Traffic Analysis with 7 firms, Retail Concessions and Operations with 6 firms in the pool, and Airport Parking Fiscal and Operational Management with 3 firms in the pool. Upon approval, the pools would be established, for a period of two years. Airport staff will return to the Commission to award contracts for specific scopes of work.

Commissioner Johns noted that Leigh Fisher is in all categories. They seem to constantly score the highest. I know we have approved a number of contracts with them. I'm not saying that's a positive or negative; I'm just noting it.

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F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 3 through 10, was moved by Commissioner Stern and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Professional Services Contract No. 9349 for As-Needed CEQA Planning Consulting Services - Environmental Science Associates - $533,000

| | |
|---|---|
| No. 13-0106 | Resolution awarding a professional services contract to Environmental Science Associates (ESA) for As-Needed CEQA Planning Consulting Services in a total contract amount not-to-exceed $533,000. |

4. Bid Call - Contract No. 9312 - Elevator Maintenance, Repair, Upgrade, Modernization and On-Call Service Contract

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|---|---|
| No. 13-0107 | Resolution approving the scope, budget, and schedule for Contract 9312, Elevator Maintenance, Repair, Upgrade, Modernization and On-Call Service Contract, and authorizing the Director to call for bids when ready. |

5. Bid Call - Contract No. 9313 - Escalator and Electric Walk Maintenance, Repair, Upgrade, Modernization and On-Call Service Contract

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|---|---|
| No. 13-0108 | Resolution approving the scope, budget, and schedule for Contract 9313, Escalator and Electric Walk Maintenance, Repair, Upgrade, Modernization and On-Call Service Contract, and authorizing the Director to call for bids when ready. |

6. Modification No. 4 to Contract No. 8837 - Third Party Administrator to Provide and Coordinate Drug and Alcohol Testing Services - Energetix Corporation - $16,800

| | |
|---|---|
| No. 13-0109 | Resolution approving Modification No. 4 to Contract 8837 with Energetix Corporation to exercise the fourth of five one year options as a third party Administrator to provide and coordinate drug and alcohol testing services in the amount of $16,800 for a total contract amount not to exceed $100,000. |

7. Bid Call - Contract No. 9367 - Installation of Noise Insulation Improvements for 2012-2014 Phase of Noise Insulation Program

| | |
|---|---|
| No. 13-0110 | Resolution approving the scope, budget and schedule for Contract 9367, Installation of Noise Insulation Improvements for the 2012-2014 Phase of |

the Noise Insulation Program, and authorization for the Director to call for bids when ready.

8. Authorize Contingency for Contract No. 8582R - Rental Car Center, Air Train Station Exit Stair - LC General Engineering & Construction - $32,060

No. 13-0111 Resolution authorizing contingency of $32,060 for Contract 8582R, Rental Car Center, Air Train Station Exit Stair, LC General Engineering & Construction.

9. Consent to the Transfer of Certain Air Transportation Business Holdings from All Nippon Airways Co., Ltd. to ANA Holdings, Inc. with a Simultaneous Exchange of Names; and the Assignment of All Nippon Airways Co.,Ltd. Leases L10-0077 and L07-0059 from All Nippon to the Newly Named All Nippon Airways Co., Ltd.

No. 13-0102 Resolution consenting to the transfer of certain Air Transportation Business Holdings from All Nippon Airways Co., Ltd. (All Nippon) to ANA Holdings, Inc., with a simultaneous exchange of names; and the assignment of All Nippon Airways Co., Ltd. Leases L10-0077 and L07-0059 from All Nippon to the newly named All Nippon Airways Co., Ltd. effective April 1, 2013.

10. Correction of Contracting Entity Name and Authorization to Execute the Purchase Agreement with Pacific Shores Development, LLC for Purchase of 7.1 Acres of Wetland Creation Credits at Deepwater Slough

No. 13-0103 Resolution approving the correction of the contracting entity name and authorizing the Airport Director to execute the purchase agreement with Pacific Shores Development, LLC to purchase 7.1 acres of wetland creation credits for mitigation of various Airport projects.

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G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Mr. Robert Gesano said that in case any of you missed it, this was the crash on the San Mateo bridge on Saturday night. Nine people were in the limousine. I'm not here to talk about limousines, I'm here to talk about taxis and the new so called Apps, but I would

comment that that limousine was 13 years old. It's not even sure that it was legal with the California Utilities Commission. It was also carrying nine passengers, which is one passenger over the legal limit. That's my only comment on that.

I attended the workshop of the California Utilities Commission as a Plaintiff and I was horrified about this whole E application situation. I would suggest, and I know you have put off this decision, that this encompasses much more than I think you're even putting off. The fact of the matter is all of these E applications operations don't have any responsibility for the vehicles or the people who operate vehicles, or the safety of the vehicles and largely all of these vehicles are being operated on private insurance. The danger is that if these people prevail, we expect within the next years that there would be no meaningful taxi operations in San Francisco because we cannot compete against people who can buy cars that are 10, 12, 13, 14, 20 years old. There is no regulation and there is no enforcement to view regulation. Apparently you can't even check up on them. I would suggest a meeting to discuss all of the implications. Apparently, Landside is going to start allowing taxicabs from out of town to start operating and charging. By charging them you are taking on a certain responsibility.

Mr. Frank Fahy said that he has been a taxi driver for 30 years. A professional cab driver knows exactly what happened in this instance. The master cylinder is up on the left hand in front of the engine and the caliper that's farthest away from the master cylinder which pumps brake fluid to it, is the first one, it's always the one that that goes out and seizes. When it seizes on the disk, or in this case, the drum or, or either one, it becomes really hot on the freeway and it can get white hot but it won't set the wheel on fire until it stops. I know because it's happened to me, not in a taxi but in a '59 Jaguar. What happens is the car stops, the rubber sets on fire, and if it's a homemade or a locally made CNG, the tank will blow up. In this case, it just caught fire and then the gas tank blew up. The problem is they never come out and tell you things like this because of litigation. I think the public should be made aware, or at least the taxi driver community should be aware of these things. We're aware if we hear metal on metal, we get our brakes changed, or we get charged for them. The brakes are worn out and they'll go into the disk or the drums and then we have to pay for the drum or disk. In short, a real cab driver and limo driver should know something about cars and how they operate and be aware of the dangers, especially around the gas tank. There are too many people with too little knowledge about the mechanics of it. Some of them can't even change a tire. What I'm trying to say is I hate more regulation but I think that the Airport has an opportunity to not only check the vehicles, but make sure that the driver knows what he's doing and what he's driving. Thank you.

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H. CORRESPONDENCE:
There was no discussion by the Commission.

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I. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the

attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:14 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**May 21, 2013**

**9:00 A.M.**

/13

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

AIRPORT COMMISSION MEETING MINUTES
May 21, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

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|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Linda S. Crayton, Vice President<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Eleanor Johns |

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of May 7, 2013 were adopted unanimously.

No. 13-0114

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D. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Approval of the Airport's $2.1 Billion Five-Year Capital Plan and $4.1 Billion Ten-Year Plan for FY 2013/14 to FY 2022/23

No. 13-0115 Resolution approving the Airport's $2.1 Billion Five-Year Capital Plan and $4.1 Billion Ten-Year Capital Plan for FY 2013/14 to FY 2022/23.

Mr. Leo Fermin, Deputy Director, Business and Finance said that our updated Five and Ten Year Capital Plan has been reviewed by the Airport Financial Advisory Committee, the City's Capital Planning Committee and the airlines. The Five Year Plan totals $1.2 Billion and the Ten Year Plan totals $4.1 Billion. Over the next 10 years, the 45 different projects is estimated to generate over 35,000 jobs. The plan includes the renovation of Terminal 1, with Boarding Area B as the first phase, and various Terminal 3 renovation projects including the on-going Boarding Area E renovation work. Airfield projects include the Runway Safety

Area program and various runway and taxiway improvements. The Airport's Support Cost Center projects include the new Air Traffic Control Tower and various baggage handling system improvements. The ground side projects include the new Airport hotel, which is subject to an environmental review process and the second long-term parking garage. The Five Year Plan also includes waste water infrastructure improvements and other utilities improvements. Over the next five years, about 92% or $1.9 Billion will be financed with new bonds, with the first bond sale this summer. Currently, we expect this first bond sale to be in the $400 million range. To keep interest costs down, we'll first pay with Commercial Paper during the construction periods of each project, and sell permanent long term bonds to pay off the Commercial Paper. The remaining 8% or $164 million will be paid for with grants and existing funds.

Commissioner Guggenhime asked what interest rates are, and why wouldn't we consider making higher immediate funding.

Mr. Fermin replied because we can still get interest rate close to zero percent. It's like 0.2% where as with bond financing we pay anywhere from 4.5% to 5%.

Commissioner Mazzola said he liked the hotel. We're going to call it Do Drop In.

Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Adoption of Fiscal Year 2013/14 Airport Rates and Charges

No. 13-0116 Resolution establishing Airport Rates and Charges for FY 2013/14.

Mr. Fermin said we've reviewed next year's proposed Rates and Charges with the airlines as well as the Airport's Financial Advisory Committee. We propose to increase the landing fee rate by 7%, from $4.01 per 1,000 lbs. to $4.29 and the average terminal rental rate by 7.1%, from $131.55 to $140.85. The bottom line, however, with non-airline revenue increases and enplanement growth, the airline cost per enplaned passenger will increase by 3% in current dollars, but more importantly, which is what we focus on, only 0.6% in constant dollars. That's constant 2008. In addition to the increases in the landing fees, terminal rates and other terminal charges such as turn fees, we are making several rate changes. We are adjusting commercial aircraft parking rates to charge less for further out remote parking spots, a little bit more for convenient terminal or near terminal parking spots. We are adjusting cargo building rates between 2.5% and 6.1%, water and sewer rates will increase 6.3%, refuge collection from 7.1% to 10%. We are increasing trip fees for charter buses, off-Airport parking lot shuttles, limousines and hotel shuttles by 2.6% to 3.6% to improve our cost recovery, however, there are no increases in the trip fees for taxis, scheduled buses, and shared-ride vans, consistent with our Transit First Policy. There are also no increases in the various Ground Transportation Registration and Administration fees. All of the public and employee parking rates will stay the same as well as the various security fees such as ID badging and fingerprinting fees. All of the

Airport Communications infrastructure charges will also remain unchanged. But we are introducing four new charges for services requested by tenants in conjunction with providing internet access at different speeds.

Commissioner Stern asked what's the overall feedback from the airlines on the increase.

Mr. Fermin replied that they've accepted it. They will always wish not to see any rate increases at all, but they've accepted it. We've had no complaints from them.

Commissioner Stern asked what's the historical precedence for the increase. What have we seen in the last few years from an uptake perspective.

Mr. Fermin said we've seen rate increases around close to 6-7% each year roughly, on average. It varies by year.

Item No. 3 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Enhanced Air Carrier Incentive Program

No. 13-0117 Resolution approving the implementation of a more competitive Air Carrier Incentive Program offering a 100% waiver of landing fees now for a period up to two years for any new non-stop international route currently not served from SFO.

Mr. Fermin said that over the years our incentive program for attracting new airline service has been very successful. Because of this program, new service was started to Auckland, New Zealand, Nagoya, Japan, Dublin, Ireland, Dubai, Zurich, Switzerland, Lima, Peru, and Copenhagen, Denmark. We originally offered a 50% waiver of landing fees for the first year, and we moved to 100% waiver for the first year in January 2012. Other competing airports are now offering landing fee waivers for two years. They are DFW, Denver, San Diego, Las Vegas, Miami, and San Jose. In order to remain competitive, we are requesting approval to offer landing fee waivers for up to two years for new international service. This meets the FAA guidelines for Air Carrier Incentive Programs. This incentive is available to all airlines, both those already operating at SFO as well as new entrants.

Commissioner Guggenhime asked what happens if the airline takes advantage of the two years and then pulls out.

Mr. Fermin replied that they have to pay us the landing fees. They actually sign an agreement to do so before the start of the service.

Commissioner Guggenhime asked if there is a minimum time they have to stay. Suppose they stay for three years and you have a two year waiver.

Mr. Fermin said that's fine. They have to stay for the full period.

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**June 11, 2013**
**Special Meeting**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting
June 11, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
June 11, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

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B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

Hon. Linda S. Crayton, Vice President arrived at 9.05 AM.

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of May 21, 2013 were adopted unanimously.

No. 13-0127

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D. SPECIAL ITEMS.
Item No. 1 was moved by Commissioner Stern and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Retirement Resolution - Ruth Chan

No. 13-0128 Resolution thanking Ms. Ruth Chan for 25 years of service at San Francisco International Airport.

Mr. John Martin, Airport Director said that Ruth Chan is not present. She's retiring after 25 years as a Custodian at the Airport. She always has a very positive working attitude and is respected by her fellow co-workers.

Commissioner Mazzola said I wish her good luck in retirement and wish her well.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

2. Commendation - Assistant Deputy Chief Michael Morris

No. 13-0129 Resolution thanking Assistant Deputy Chief Michael Morris for over 38 years of faithful service as a

Firefighter with the City and County of San Francisco.

Mr. Martin asked Chief Morris to come forward. Chief Morris is retiring after 38 years with the Fire department, including 6 years at SFO, from 1984 to 1989. Mike was a Captain and Incident Commander and in his return in 2012, as an Assistant Deputy Chief. It's been a great pleasure to work with Assistant Deputy Chief Morris. He is a strong leader, strong team player. He helped us bring our Marine Emergency Response Facility on line, first of its kind on the West Coast. We're sorry to see Mike retire, but thank him for his great service to the City and to the Airport.

Commissioner Mazzola congratulated Assistant Deputy Chief Morris.

Assistant Deputy Chief Morris thanked the Commission and Director Martin for this great honor. It's been a very fine 38 years with the Fire Department, in general, and the last year and a half at SFO has been the icing on the cake as far as my career. It's a fabulous place to work under the leadership of John Martin, for these last 15 years. It's just amazing how the teamwork, the camaraderie and how everybody is friendly and job oriented. The job always gets done. And actually becoming more than workers, but also friends. I thank you for this honor.

Commissioner Mazzola congratulated Assistant Deputy Chief Morris on his retirement.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. <u>Commendation for Jeff Seid</u>

No.13-0130 Resolution approving a Commendation for Jeff Seid for 47 years of services at San Francisco International Airport.

Mr. Martin said that this is a special commendation for an employee who worked at the Airport for 47 years ... right out of high school. He worked for Pan Am for 27 years, then went to work for the San Francisco Foreign Flag Carriers, and then SFO Tech which manages the airline equipment systems. Jeff is a real team player and has worked hard to deliver excellent service. His commendation will be presented to him at his retirement event.

Commissioner Mazzola wished Jeff well ... 47 years is a long time, I know how he feels.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. Modification No. 7 (Trade Bid Packages 5 thru 7A) to Contract No. 9015A, Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - $35,546,900

No. 13-0131 Resolution approving Modification No. 7, adding Trade Bid Packages 5 thru 7A, to Contract 9015A, Design-Build Service for Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Co. in an amount of $35,546,900, for a new total contract amount of $64,215,226.

Mr. Ivar Satero, Deputy Director, Airport Development & Technology said this item requests Commission authorization to add Trade Bid Packages Sets 5 thru 7A to Contract 9015A which would result in a new contract value of $64,215,226. This set of trade bid packages was competitively bid to a minimum of three qualified bidders, or directly negotiated within the 7 ½% allowance for negotiated scope, all in accordance with the design-build ordinance of the Administrative Code. In the aggregate, these bids are essentially at the Engineer's Estimate for this work, in a total amount of $33.9 million in subcontracts, without mark-ups, although several bid vs. estimate anomalies did occur, as noted in the memo. One important issue to discuss this morning was the current cost forecast at completion. As you are aware, we update the cost forecast monthly or more frequently as events occur to ensure that we make the best decisions based on the most reliable information. In the event of a forecast substantially exceeding the budget, we prepare a mitigation plan to deal with that excess forecast. This is the first design-build contract at SFO requiring such a mitigation plan. As a result of recent estimate updates due to further design development, and expanded and additional scope, Staff is forecasting a cost of completion approximately $20 million in excess of the $90 million budget. There is an allocation of cost because this is a shared facility between the Airport and the FAA and this allocation puts about $10.7 million of this overage as the Airport share and $9.3 million on the FAA side. Attachment D presents several mitigation strategies to deal with this overage, including adding additional budget to deal with those significant additional and expanded scopes of work and reallocating costs to identify an appropriate sharing for certain parts of the project between the Airport and the FAA, and cost reduction measures to bring down the overall overage. Most notably of the strategies, Staff is requesting additional funding to accommodate additional scope, including an expanded replacement Delta Club space, a Fire Command Room, upgrades to the Museum area and a number of security upgrades which is the primary driver of the $10 million cost overrun. The Delta Club space is most significant of these at $6.5 million. We made the decision to proceed with an expanded post security club for Delta because it has significant, positive, revenue implications for the Airport through the lease term which runs to the end of the Lease and Use agreement in

2021. The Airport will realize about $2 million in additional revenue from the space. The additional funding for this will come from the Airport's Capital Improvement Program and was included in the $4.1 billion CIP program presented to this Commission at the last meeting. We will also work with the FAA to use their contingency funding for their share of the cost overrun, particularly in regards to the electrical and structural systems which had updated requirements since RFP development. We're also proposing a reallocation of cost as it relates to the exterior skin of the tower. It's an iconic building and we made the decision to proceed with a fairly complicated exterior skin. It was part of the building aesthetics approval through the Civic Design Review process so we believe it's appropriate to look at the cost allocation being shared by the Airport and developed a cost of $1.3 million that we would propose to switch to the Airport's side of the ledger. We will update the Commission on the implementation of this mitigation on future trade bid package awards. This cost forecast was included in the 5-Year CIP program presented to the Commission at the last meeting. Regarding LBE participation, Hensel Phelps is encouraged to use best faith efforts to achieve 10% local, small and disadvantaged business participation and they are achieving 10.4%.

Commissioner Guggenhime said that he was always concerned about elevators. Bid Package No. 5.13 came in at $999,000 and the estimate was a $1,238,000. Are you okay with that?

Mr. Satero replied that it's a small package .. it's not a lot of elevators so the big providers like ThussenKrupp like the big packages. They're a high overhead type of company, so it's not surprising to see them come in much higher. Ascent is a much smaller company and they go after these types of packages. We are satisfied with the bid and believe they'll do a good job.

Commissioner Guggenhime asked about the difference in bids for 7A-11.

Mr. Satero said that this is an issue that warrants scrutiny. GERB is a well known manufacturer of this type of vibration dampening technology. We've talked with other manufacturers, including CSA, frankly because CSA was one of the high bidders and is a competitor of theirs. They go after the same jobs. They're just a smaller firm, but a capable firm. The manufacturing is done locally, so they have a lot of things that helped them reduce costs. We're satisfied that GERB is also a well qualified company.

Commissioner Johns said you and I spoke about this $20 million additional funding in the forecast and I want to make sure that I understood correctly because it differed a little bit from your figures today. You indicated that about $8 million of the $20 million was going for Federal things that were required but had not been indicated previously ... they were technical things.

Mr. Satero replied that they were mainly driven by structural and electrical issues.

Commissioner Johns assumed we would be reimbursed.

Mr. Satero replied that we will be reimbursed ... it's our proposal to the FAA and we're working through vetting it so we don't have a firm commitment. What they have in the OTA is a $10 million contingency over and above the budgeted amount. We're expecting that to be the source of these funds, but this is a mitigation plan that we now need to start implementing so there will be further discussions in vetting with the FAA to determine if that's the right number because it hasn't been a bid scope of work. It's important to always look at the risk in the project and have a strategy that's subject to refinement. I will continue to update you on this mitigation plan as it is further developed.

Commissioner Johns asked if these are all items that they felt were necessary in this project.

Mr. Satero replied that they are. The question on structural is really clear. That was a change required through the project after negotiation.

Commissioner Johns said if it was after it had been bid out.

Mr. Satero believed that the uncertainty is with regard to the electrical and it's because the electrical hasn't been bid yet but we are anticipating, based on recent estimates, that it is significantly over what we had estimated, so there's still more vetting to do0 . It's not a firm commitment from the FAA at this point.

Commissioner Johns asked if they're going to cover all of those additional costs.

Mr. Satero replied the $8 million ... yes.

Commissioner Johns said that the 2nd item was the Delta Club. As I understood it, we had agreed to replace the infrastructure, the new club, but it was originally 2,500 sq. ft. and now it's gone to 16,000 sq. ft. That's an additional $6 million somewhere along the line that we hadn't anticipated because of the increased square footage. You said earlier that we would make up some of that money in rents due to the additional square footage, but what is the dollar amount?

Mr. Satero said that the numbers over the lease term for this club space, which would run through 2021, is in the neighborhood of $1-$2 million of positive revenue over that lease term.

Commissioner Johns said that we're investing $6 million more to make up $2 million. I don't understand.

Mr. Martin said that we will make the $6 million back in rent, plus $2 million. That's just in that 8 year period, and Delta will probably keep the space beyond that date so it would be even bigger, more popular, very expensive space.

Commissioner Johns asked they understand that.

Mr. Martin replied that they do.

Commissioner Johns said that my other question is that it's eight and six so that's

$14 million of the $20 million and then there's another $6 million that is supposed to be for upgrades to the Museum, the second was the Fire Command room and the third was the exterior skin, which I think is great. Can you give me some information about why the Fire Command room wasn't thought about initially, and also what you're planning to do for this Museum upgrade.

Mr. Satero said that the Fire Command room was a late request to accommodate that single point where the Fire Command offices would be set up. That request came from the Fire Marshall and came late in the process. We tried to engage all of our stakeholders early on through our QRT systems of engagement but sometimes these late adds happen. The Museum space is about providing more seating in the connector space because we will have a Museum exhibition area in the connector between Terminals 1 and 2. It will be a nice area for passengers to decompress and view the exhibits ... we thought it was appropriate to upgrade the seating in that area. The one thing I neglected to mention is that there's a significant increase for security measures based on the recommendations of our security consultant ... for instance the glass has been upgraded to a blast protection type glass for a cost of about $1.5 million. That was a key driver.

Commissioner Guggenhime noted that pricing has gone substantially up in the last two years so estimates made a year or two ago are just off the mark.

Mr. Satero said that we've had a really good bidding environment up until the last six months. Now we're seeing a lot of pressure on pricing ... we're seeing fewer and less competitive bids. We're just thankful to usually have a low bid which offsets a higher median of bids. There is that upward pressure and we need to spend more time on contingency management, base and risk manage to protect ourselves from a possibly new bidding climate.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

5. <u>Modification No. 2 (Trade Bid Package Set B) to Contract No. 8226A - Design-Build Services for West Field Cargo Redevelopment Facilities, Phase 1 - McCarthy Building Companies - $4,314,231</u>

| | |
|---|---|
| No. 13-0132 | Resolution adding Trade Bid Package Set B to Contract No. 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project, with McCarthy Building Companies in an amount of $4,314,231, for a new total contract amount of $9,848,191. |

Mr. Satero said that this Modification provides for the second set of Trade Bid Packages for the West Field Cargo Phase I Project and it adds earthwork, pre-cast piles, and the exterior skin scope of work in the amount of $4.3 million, resulting in a new total contract amount of $9.8 million. As the last package, these packages were also competitively bid to a minimum of three pre-qualified bidders in accordance with the Admin Code. The bids are reasonable in

comparison to the Engineer's estimate and are within a variance of about $7,000 on $4.2 million in bids. We are forecasting a cost of completion of $26.9 billion which basically achieves on budget performance. We continue to maintain the appropriate cost contingencies in the forecast. McCarthy committed to achieving the 15% LBE sub-contractor participation goal set by the CDM, but is currently achieving 10%.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

6. Amendment No. 1 of the Project Labor Agreement for the San Francisco International Airport Terminal Refurbishment and Related Support Facilities/Infrastructure Improvement Program

| | |
|---|---|
| No. 13-0133 | Resolution approving Amendment No. 1 of the Project Labor Agreement (PLA) for the SFIA Terminal Refurbishment and Related Support Facilities/ Infrastructure Improvement Program, increasing amount of covered projects from $1.8 billion to $2.9 billion to provide for budget increases in current PLA projects and include additional projects recently incorporated in the Program. |

Mr. Satero said that he was pleased to present the proposed Amendment No. 1 to the Airport's Project Labor Agreement with the Building and Construction Trades Council with San Mateo County in support of the Airport's Terminal Refurbishment Program. Over the past two years there have been significant changes at SFO related to scope and timing of our major terminal redevelopment projects. Most notably has been the significant increase in passenger growth we've experienced over the past two years and this has put significant additional pressure on our terminal facilities and infrastructure, which are already stress facilities, exacerbating the current state of the facilities and the passenger experience. In addition, during the same period, the business success of Terminal 2 for the Airport and airlines, driven by the exceptional guest experience, the exceptional food, beverage and retail program and the world class amenities has caused the Airport to revisit what we see as terminal redevelopment. As a result, the Terminal Refurbishment Program has undergone significant re-scoping since we originally approved the PLA and we are re-scoping to achieve the Terminal 2 standard that we set. Also, the supporting infrastructure facilities have been revisited in light of all the pressures driven by the significant increase in passenger traffic. To provide for the highest convenience amenities, we added projects to the program. The cumulative affect of this is to increase what the original PLA covered, which was $1.1 billion in projects, to $2.9 billion in PLA covered projects, and the primary drivers of this increase are the revised Terminals 1 and 3 programs, the hotel and the new Long Term Parking Garage. All of this is within the $4.1 billion CIP 10 year program recently represented to the Commission. We recommend that the Commission, in order to ensure the safe, timely, and economical completion of the program by furthering the goals of efficiency, implementation, and labor harmony, approve this amendment to the PLA.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 7 through 12, was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

7. Award Professional Services Contract 9359 with Ricondo & Associates, Inc. - As-Needed Airport Planning Consulting Services - $800,000

No. 13-0134 — Resolution awarding a Professional Services Contract to Ricondo & Associates, Inc. for as-needed Airport Planning Consulting Services in a total contract amount not-to-exceed $800,000 for a five-year term.

Commissioner Crayton asked for enlightenment on this item.

Mr. John Bergener, Airport Planning Manager said that most of our planning is done in house but occasionally we need outside assistance on projects. This contract with Ricondo & Associates is $800,000 over a five year term and the main task identified is to help with updating the future Airport layout plan, which is a required 23 page set of drawing documents for the Airport covering the future runway layout, future terminal layout, future land use, off Airport land use, air space services, etc. The other task will be identified in the future for anything we can't do in-house.

The contract was bid in January 2013, with four subject areas that were bid out. Airport Planning was one of them and four firms were selected. Ricondo & Associates, RS&H, Leigh Fisher, and fourth one escapes me. We're entering into a contract with all four of those firms.

8. Approve Execution of a Letter of Credit and Reimbursement Agreement with Wells Fargo Bank, National Association

No. 13-0135 — Resolution approving the execution of a Letter of Credit and Reimbursement Agreement with Wells Fargo Bank, National Association for a Letter of Credit with principal amount of $100 million to support a series of the Airport's commercial paper notes and approval of certain related actions.

Commissioner Johns recalled that at a recent meeting we had some discussion about the Letter of Credit. Is this just moving forward on that?

Mr. Leo Fermin replied yes. Right now we in place a $200 million Commercial Paper Program so we're putting in another Letter of Credit to increase the Commercial Paper capacity up to $300 million. That's what this item does.

Commissioner Johns asked if the Commission had discussed this previously.

Mr. Fermin replied yes. We came before the Commission to approve the increase.

Commissioner Johns said I like to ask when we're dealing with $100 million.

9. Award of the Boarding Area "E" Newsstand Lease, A Small Business Enterprise Set-Aside Skyline Concessions, Inc.

No. 13-0136 Resolution approving the award of the Boarding Area "E" Newsstand Lease, a Small Business Enterprise set-aside, to Skyline Concessions, Inc.

Mr. Manuel Soto IV, owner, Skyline Concessions, said he would like to personally thank the Commission for the opportunity afforded to me and my siblings. I'd also like to thank John Martin and his staff, specifically Leo Fermin, Sandra Crumpler and the Small Business Affairs office, Nanette Hendrickson, and the entire Revenue Development and Management team. My story is really a success story for all small businesses. Growing up in the Bay Area and working at SFO for 14 ½ years, it's always been a dream of mine to own my own business. None of this would be possible without the Commission and Airport staff supporting small business. I can't tell you how much this opportunity means to me.

Commissioner Crayton wished Mr. Soto good luck I like to hear that.

10. Bid Call - Contract No. 8984 - Airport Pavement and Drainage Improvements

No. 13-0137 Resolution approving the scope, budget, and schedule for Contract No. 8984, Airport Pavement and Drainage Improvements, and authorizing the Director to call for bids when ready.

11. Approve Lease Specifications, Minimum Qualifications and Proposal Requirements, and Authorize Staff to Accept Proposals for the Airport Amenities and Business Services Lease

No. 13-0137 Resolution approving the lease specifications, minimum qualifications and proposal requirement, and authorizing staff to accept proposals for the Airport Amenities and Business Services Lease.

12. Technical Correction to Previously Approved Amendment No. 1 to the Domestic Terminal Food and Beverage Lease No. 03-0189: Replacement of Burger King Corporation with Gate 74 as the Lessee

No. 13-0139 Resolution approving the Technical Correction to previously approved Amendment No. 1 to the

Domestic Terminal Food and Beverage Lease No. 03-0189: Replacement of Burger King Corporation with Gate 74 as Lessee.

* * *

H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

J. CLOSED SESSION:
The Airport Commission went into closed session at 9:35 AM. The closed session ended at 9:53 AM.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION / PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code Section 54956.9) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL regarding anticipated litigation as defendant. Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2), and San Francisco Administrative Code Section 67.10(d)(2)): Bay Area Air Quality Management District, claimant, against the San Francisco Airport Commission. Proposed settlement in a sum to be determined under the terms of the proposed settlement, which would not exceed a total amount of $53,000. DISCUSSION ONLY.

CONFERENCE WITH LEGAL COUNSEL regarding pending litigation as plaintiff (Government Code Section 54956.9, Administrative Code Section 67.8(a)(3)): *People of the State of California* v. *FlightCar, Incorporated*, et al., California Superior Court, County of San Francisco Case No. CGC 13-531807, filed May 31, 2013. DISCUSSION ONLY.

There are no other planned agenda items for the closed session. In the event of any

urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in closed session, the Airport Commission may discuss and vote whether to conduct a closed session under the Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

(d) [RECONVENE IN OPEN SESSION]

(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code Section 54957.1 (a)) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

The Airport Commission voted unanimously not to disclose the nature of the discussion in closed session.

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K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9.54 AM.

*Original signed by*

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**July 2, 2013**

**9:00 A.M.**

/13

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
July 2, 2013

AIRPORT COMMISSION MEETING MINUTES
July 2, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:01AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

* * *

C. ADOPTION OF MINUTES:
The minutes of the special meeting of June 11, 2013 were adopted unanimously.

No. 13-0140

* * *

D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. <u>Commendation Resolution - Officer Bob Massola</u>

No. 13-0141 Resolution thanking Officer Bob Massola for 34 years of faithful service with the San Francisco Police Department - Airport Bureau.

Mr. John Martin, Airport Director said that it is a great pleasure to recognize Bob Massola for his 34 years as a Police Officer at the Airport. Bob worked on the Airport's SWAT team and then was the FAA Liaison responsible for our Security Program in the early 80's. But most importantly he became our Dignitary Protection Officer in 1987 and has had that role for the last 26 years and has done an amazing job in representing the City and the Airport in handling dignitaries, Presidents, known by Presidents, Senators, Congress people, people from many different countries around the world. Bob has always done a fantastic job and his low key approach of being just Bob despite his relationship with all these VIPs from around the world. We're very grateful for Bob's service and has done an amazing job representing the City and the Airport. Thank you Bob.

Office Bob Massola thanked Mr. Martin. The Airport is a wonderful place to work. There are great people working out there. It's a great environment to work in. I've

been working there for 34 years, and I still want to come back and work. I've always handled our VIPs with a sensitivity of the operations of the Airport at all times. It's been a pleasure working at the Airport, and I thank you guys all for coming up with a Resolution for me.

Commissioner Guggenhime said I just want to say you were nice to me even though I am not a dignitary. Thank you very much.

Mr. Martin said I forgot one important thing. Bob has chaired the Airport Charity Golf Tournament for 13 years and has raised $530,000 in that time for charities.

Commissioner Mazzola said that our names are similar and they call me your brother.

Mr. Massola said everybody asks me if I'm connected to you, and I always say that I'm not, but we know of each other.

Commissioner Mazzola congratulated him on his retirement and wished him well.

Mr. Massola thanked the Commission for inviting him to the meeting for a resolution.

Mr. Jeff Littlefield, Deputy Director, Operations and Security thanked Bob for his years of service and wished him well in his retirement.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 2 was moved by Commissioner Stern and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Modification No. 2 (Trade Bid Package No. 2) to Contract 9048A - Design-Build Services for Terminal 3 East Improvements - Hensel Phelps Construction Company - $6,698,309

| | |
|---|---|
| No. 13-0142 | Resolution adding Trade Bid Package Set C to Contract No. 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Company in an amount of $6,698,309 for a new total contract amount of $33,617,714. |

Mr. Ivar Satero, Deputy Director, Airport Development & Technology said this modification provides for the second set of Trade Bid Packages adding a general construction scope of work for the Security Checkpoint Renovations in the Modular One area of the Terminal 3 lobby. The Modular One checkpoint area is

that area both pre-security and post-security towards the secured connectors, essentially adjacent to the secured connector to the International Terminal. This is a general construction type trade bid package and so it's architectural work as well as systems for both the tenant and public spaces. The work is well suited to have a general contractor oversee this small trade package. The new total contract amount, as a result of this modification is $33.6 million. In accordance with the Admin Code, this trade package was bid to a minimum of three pre-qualified bidders and all three of the bids came in essentially at the Engineer's estimate. We continue to forecast a cost of completion for the contract of $172.8 million, or approximately $6 million under budget. We continue to maintain appropriate cost contingencies within this forecast and the contract's completion date of July 17, 2015 remains unchanged. Hensel Phelps is achieving 12% LBE subcontractor participation for construction services against the 16% goal.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Modification No. 3 (Trade Bid Package Set C) to Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase I - McCarthy Building Companies - $2,509,333

No. 13-0143 Resolution adding Trade Bid Package Set C to Contract 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project, with McCarthy Building Companies in an amount of $2,509,333, for a new total contract amount of $12,357,524.

Mr. Satero said that this award provides for structural steel and metal decks scopes of work and results in a new total contract amount of $12.35 million. Also, in accordance with the Administrative Code, these packages were bid to a minimum of three pre-qualified bidders. Staff reviewed the bids and found them to be reasonable, in comparison to the Engineer's estimate and have a cumulative variance of just under $158,000 or 6.6% based on $2.4 million in bids. We continue to forecast a cost of completion for this contract of $26.9 million which is essentially on budget and we maintain the appropriate cost contingencies within this forecast at the stage of the project. McCarthy is committed to achieving 15% LBE subcontractor participation which is the CMD goal. They are currently achieving 11.8%.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was 3-1 with Commissioner Mazzola casting the dissenting vote.

4. Award of Contract No. 9110 - SFO Training Center - Galliera, Inc., DBA Trico Construction - $1,189,622

No. 13-0144 Resolution awarding Contract 9110, SFO

Training Center, to the lowest responsive, responsible bidder, Galliera Inc., DBA Trico Construction, in the amount of $1,189,622.

Mr. Satero said that the Equal Employment Opportunities Office (EEO) currently conducts training at various locations throughout the Airport, depending on availability. There are temporary multi-use locations and they are less than ideal for training purposes, lacking the appropriate infrastructure ... audio/video and communications technology. EEO provides training for Federal regulations requirements including sexual harassment and diversity training, employee orientation training and disability access training. In addition, the EEO operates other Airport training programs, including leadership development, computer skills training, and customer service training. We also provide facilities to airline tenants for similar types of training activities and we receive regular inquiries on the availability of on-Airport training facilities from colleges, particularly Emery Riddle, which presents revenue opportunities for the Airport. We are proposing to build the appropriate facilities for training and development. It's an interior modifications and build out in the 4th floor of the International Terminal building of approximately 4,200 sq. ft. of space. It will include a conference area, reception area, training and video labs, business center, library, and all of the appropriate spaces to support training activities. It will also provide all of the necessary infrastructure and audio video technology requirements.

We received four bids and three bidders received a 10% LBE bid discount. Trico was the low bidder, essentially at the Engineer's estimate. They've committed to achieving 30.6% LBE subcontractor participation, well in excess of the 15% goal.

Commissioner Stern asked Mr. Satero to expand on the third party request as it relates to colleges and local businesses to come in for on-site training, and just how big of an opportunity you think that might be.

Mr. Satero replied that it's mostly aviation related, like, like Emery Riddle. They've asked for access to those types of facilities. I don't know the types of training that they do there as they have their own facilities as well. I don't know too much about the other colleges, but we can follow-up with a memo.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 5 through 13, was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

5. <u>Approve Settlement of Unlitigated Claim by Bay Area Air Quality Management District against San Francisco Airport relating to noncompliance with permit conditions in the operation of the Mel Leong Treatment Plant, and implementation of corrective actions by dates certain - Not to exceed $53,000</u>

No. 13-0145 Resolution approving a settlement in an amount up to a maximum payment of

$53,000 to be paid by Airport to the Bay Area Air Quality Management District, and implementation of corrective actions by dates certain, to settle District's claims regarding noncompliance with permit conditions in the operation of the Mel Leong Treatment Plant.

6. Award Professional Services Contract No. 9360 with RS&H California, Inc. to provide As-Needed Airport Planning and Management Services in a total contract amount not-to-exceed $1,000,000 for a five-year term

No. 13-0146

Resolution awarding a professional services contract to RS&H California, Inc. for As-Needed Airport Planning and Management Services in a total contract amount not-to-exceed $1,000,000 for a five-year term contingent upon compliance with San Francisco Administrative Code Chapter 12B.

Commissioner Johns said I have questions on Items 6, 7, and 8 ... the consulting contracts. I'm particularly looking at Item 7, Leigh Fisher, and would like some elaboration or explanation on what these three would be specifically doing.

Mr. John Bergener, Manager of Planning and Environmental Affairs, said that RS&H will have an as-needed task but their main task is Terminal 3 Planning Services. This will look at Boarding Area F and the West side of Terminal 3, developing facility requirements as well as updates to the online tracking tool that is a 3-D component, and some additional noise monitoring services for our Aircraft Noise Abatement office looking at what the minimum threshold sound level should be for some of the noise monitors and certain more quiet locations further away from the Airport. And then there is an as needed component.

7. Award of Professional Services Contract No. 9358 with LeighFisher, Inc. to provide As-Needed Airport Planning Consulting Services in a total contract amount not-to-exceed $500,000 for a five-year term

No. 13-0147

Resolution awarding a professional services contract to LeighFisher, Inc. for As-Needed Airport Consulting Services in a total contract amount not-to-exceed $500,000 for a five-year term.

Mr. Bergener said that this is a follow on to a competitive bid that was done earlier this year to develop a pool of planning consultants. These are the last two of the four to be awarded contracts. The specific services to be done by Leigh Fisher are an update to the aviation demand forecast, a long term forecast of use and planning, and environmental reviews. There will be a second task as- needed that may or may not be used, depending on what services come up in the future.

8. Award Airport Management Consulting Contract for Rates and Charges Modeling, PFC Analysis, and Other Services Related to Strategic Planning as it relates to Rates and Charges - AVK Consulting - Not To Exceed $125,000 for a Term of Five Years

No. 13-0148

Resolution awarding Professional Services Contract to AVK Consulting, Inc. for a five (5) year term in an amount not to exceed $125,000 for rates and charges modeling, Passenger Facility Charge analysis and other related services.

Mr. Leo Fermin, Deputy Director, Business and Finance said this item is for a contract to provide $25,000 a year for the next five years for consultant work on primarily rates and charges, and passenger facility charge applications. For example, we plan to look at the potential to use PFC's to fund the AirTrain extension to Lot DD garage, however, PFC regulations are unclear as to whether or not that would be an allowable use of PFC's. We need a consultant to research Federal regulations and work out a methodology to help us prepare a case in our application to allow for the use of PFCs for that purpose.

Commissioner Johns asked what PFC meant.

Mr. Fermin replied Passenger Facility Charge. That's an example of a type of work that we would use this consultant for. We're going to provide $25,000 a year for this sort of ad hoc work.

9. Award of Contract No. 9280.1 - Channel Dredging Assessment and Geotechnical Study - Moffatt & Nichol + AGS Joint Venture - $400,000

No. 13-0149

Resolution awarding Contract No. 9280.1 Channel Dredging Assessment and Geotechnical Study, to Moffatt & Nichol + AGS Joint Venture, in the not-to-exceed amount of $400,000.

10. Modification No. 1 to Contract 8877A - Superbay Hangar Doors Retrofit - Pilot Construction Management - $550,000

No. 13-0150

Resolution authorizing Modification No. 1 to Contract 8877A, Superbay Hangar Doors Retrofit, with Pilot Construction Management in a not-to-exceed amount of $550,000, for a new not to exceed total contract amount of $3,106,940, and to extend the contract 120 calendar days.

11. Reject All Bids - Contract No. 9188 - Airport-Wide Lighting Retrofit

No. 13-0151 Resolution to reject all bids for Contract No. 9188, Airport-Wide Lighting Retrofit, and to authorize the Director to re-bid the project as Contract No. 9188R, Airport-Wide Lighting Retrofit, when ready.

Mr. Eddie Ahn, with Bright Line Defense Project, Environmental Justice, a non-profit based in San Francisco. Rebidding this contract would upset community workforce hiring practices that have been established. It harkens back to a City decision handed down a few years ago that ended up being overturned by the State DIR itself. With that in mind I urge you not to move this item forward. Award it now because the contract itself should not be thrown out. It establishes good hiring practices that will lead to good community hiring. Thank you.

Mr. David Lau, Phoenix Electric. I'm here to speak about Contract 9188. I'm a small business in the City and County of San Francisco and we plan on hiring

minority or young teenagers to come work for us for this project. It's kind of upsetting to hear this job is going to get rejected. I have a copy here from the Airport recommending this project to be awarded on May 21st and now time has been wasted and it's kind of disappointing because we plan to hire more local teenagers for this project. What I think personally, there was a bid protest on this project in the beginning. If this job is going to get rejected, it should have been done in the very beginning. Why are you going to wait three months later and make this decision. I hope it's not a union issue because we're all signatories with certain unions and we're not signatories to different unions but, you know as a small business, it hurts us because we're not able to perform. I mean your decision is very important today, because it helps a small business or you can break a small business. And I've been doing business 15 years in the City and County of San Francisco. We just finished an Airport job back in December ... design-build project. Doing a job like this, we have no problem with it. We do train our staff. I recommend you guys could rethink, see if we could award this project instead of going back to rebid. Thank you.

Mr. Matthew Huey, President, MH Construction, said we were deemed the responsible, responsive low bidder for this project. David indicated that there was a letter recommending award to our company and I'm trying to understand why this is being recommended for rebid. Due to the fact that the bid was within the 10% contingency of the estimate, it was actually 9.2% of the contingency of the estimate so the bid was not over budget, it was within the budget of the contingency requirements. The second, third bidder is over $700,000 more what you guys anticipated possibly being even more over budget. We've been working with the City and County of San Francisco and the Airport for the past 25 years as a local minority business and it seems to me that the rejection of this bid seems kind of misleading based on the budget. Recently, we completed six blocks of paving on Market Street ... from Market Street to Sixth Street in 30 hours so, we have been able to perform. The other part of the project was from Fremont to Fourth Street, another 5 blocks. We grind, paved, and completed in 24 hours,

over the weekend. I know our company has been around for a long time. There's other projects, Pier 23 for America's Cup ... we were doing all the concrete, electrical work there, and completed it in two months for the whole pier. One of the major projects at the Airport that we were involved with is the Lou Turpen Aviation Museum. I was the general contractor on that project. Were completed it within budget and on time. We also did a hardstand for some of the airlines at SFO and we worked with one of the union contractors, Bass Electric, to do all the electrical work out there, so that's another project. The 9-1-1 Emergency Center we completed so I don't understand why this is going to rebid. We have the capability and we can perform what we bid. But also, more importantly, we're a member of the local labor union and we were planning to utilize a lot of the community resident workforce based on the City's requirements to utilize...I guess it's 40% local hires, etc. To qualify for that you must use laborers because there aren't many local electricians around to do this work. Changing the status and using all inside wiremen increases the labor rate at least 100%, and I don't think it's a reasonable request for the City to rebid this job. Thank you.

Mr. David de la Torre, Laborers 261, said I want to thank my brother, Larry Mazzola on his retirement. I'm here to speak on Item 11 as I'm still a little confused as to why that item rejects all existing current bids. You just heard from two of our signatory contractors. I could only assume that it would be a jurisdictional matter. Our current signatories are compliant with the bid. If it went out to rebid for another craft to claim certain scopes of work, it would actually increase the bids, the bid package and I just don't see how or why the taxpayers should absorb those costs. It brings me back to a debacle that happened at Sunset Reservoir when Office of Labor Standards Enforcement got involved. They made a ruling that was overruled by the State. So again, I'm a little confused as to why this item is on there. I ask that you remove it. Thank you.

Mr. Satero said regarding the contingency, we don't like to use the contingency in the award of the contract because there isn't contingency left to finish the project. We know this will be subject to unforeseen conditions, as most of our contracts are given the age of the facility. We think it's appropriate to repackage, restructure and come up with cost saving alternatives to bring it down to budget.

Commissioner Johns asked what is meant by "outside of the Airport terminals."

Mr. Satero replied it refers to Airport owned buildings outside of the terminal complex.

Commissioner Johns assumed that this has nothing to do with Terminals 1, 2, 3 or International.

Mr. Satero replied that it does not. It's the outlying buildings that we own.

Commissioner Johns ... where there is no current construction going on?

Mr. Satero replied correct.

Commissioner Guggenhime said that the Engineer's estimate was $4,225,000,

and you're saying that you don't want to consider the bid less the discount, is that what you're saying?

Mr. Satero replied the discount is just for evaluation purposes. The amount we pay is the $4.6 million versus the budget of $4.2.

Ms. Caramatti asked Commissioner Mazzola if he wanted to pull the item from Consent.

Commissioner Mazzola replied that he wanted to vote on Item No. 11 separately.

Some of the speakers talked about local hire and a 40% requirement. I didn't know it got that high so quickly. I know it started at 25 and goes up 5% per year ... I thought. But, it's at 40%? I don't know if it is. You say it is. But I don't know if that's a license then to say there aren't enough crafts locally so we'll just hire anybody. I don't think that's a license to do that. I understand that Bright Light wrote it, and Josh wrote it, but I don't think that's a license to do that. I hope you rebid this. We're going to rebid. We hope you're going to rebid it but I want to let you know that this a prevailing wage job. I don't know how you feel. You can do it different than the rate that is prevailing for the type of work you're doing, and I hope you keep that it mind because, as one Commissioner, I'm going to see to it that prevailing wages are paid on this job no matter what craft it is.

12. Bid Call - Contract No. 9365 - Boarding Area 'A' Checkpoint Expansion

| | |
|---|---|
| No. 13-0152 | Resolution approving the scope, budget, and schedule for Contract No. 9365, Boarding Area 'A' Checkpoint Expansion, and authorizing the Director to call for bids when ready. |

13. Authorization to Accept Proposals for the Pop-Up Retail Concession Program in Boarding Area E of Terminal 3

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|---|---|
| No. 13-0153 | Resolution approving the revised agreement specifications, minimum qualifications and proposal requirements, and authorize staff to accept proposals for the Pop-Up Retail Concession Program in Boarding Area E of Terminal 3. |

* * *

H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to

Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

J. CLOSED SESSION:
The Airport Commission went into closed session at 9:06 AM and reconvened its open session at 9:19 AM. The Commission voted unanimously not to disclose the nature of the discussion.

CONFERENCE WITH LEGAL COUNSEL - LITIGATION

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code Section 54956.9) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]
CONFERENCE WITH LEGAL COUNSEL regarding pending litigation as defendant.

(Government Code Section 54956.9(d)(2), and San Francisco Administrative Code Section 67.8(a)(3)): JRI, Inc. V. The City and County of San Francisco, et al., California Superior Court, County of Alameda Case No. HG10520625, filed June 17, 2010 (served October 5, 2012). DISCUSSION ONLY.

CONFERENCE WITH LEGAL COUNSEL regarding significant exposure to litigation as defendant (Government Code Section 54956.9(d)(2), Administrative Code Section 67.10 (d)(2)): *One matter, undisclosed to protect the City's interest.* DISCUSSION ONLY.

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in closed session, the Airport Commission may discuss and vote whether to conduct a closed session under the Brown Act (California Government Code Sections 54957.1(a) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(d) [RECONVENE IN OPEN SESSION]

(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown

Act (Government Code Section 54957.1 (a)) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

There are no other planned agenda items for a Closed Session for the current meeting. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**July 23, 2013**
Special Meeting
**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
July 23, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
July 23, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:01 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

* * *

C. ADOPTION OF MINUTES:
The minutes of the regular meeting of July 2, 2013 were adopted unanimously.

No. 13-0

* * *

D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner Stern and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Retirement Resolution for Mr. Ronald Lwee

No. 13-0155 Resolution thanking Mr. Ronald Lwee of the Airport Development & Technology Division-Engineering for nineteen years (19) of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said Mr. Lwee is retiring after 19 years with the City and 14 years at the Airport as an Engineering Associate 1. He led much of the technical drafting and all of the mechanical projects as a lead draft person. We congratulate him on his successful career and his contribution to the Airport.

Commissioner Mazzola congratulated Mr. Lwee on his retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:
Commissioner Mazzola, on behalf of the Commission, commended our response team for the great job they did, and the rest of the staff too. People came in from wherever they were, if they were on vacation or not, they came to the emergency and helped out. I think everyone did a great job and you all should be commended, John especially.

Mr. Martin thanked Commissioner Mazzola for his kind words. I will communicate back to staff. Everyone did an outstanding job.

Commissioner Crayton said that the Airport responded in such a grand fashion and very timely. It was very organized. If you don't have an organized team it's just a lot of chaos and we didn't see that on television and we didn't read it in the newspaper. The staff and John really supported what was going on. I would also like to ask if it's possible to request a resolution or plaque from the Board of Supervisors to give to the Airport or Mr. Martin regarding our response.

Commissioner Mazzola replied I think it's appropriate and I can communicate that to the Board.

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F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Modification No. 1 to Contract No. 8838 - AirTrain Operations and Maintenance Bombardier Transportation (Holdings) USA, Inc. - $42,200,000

No. 13-0156 Resolution approving Modification No. 1 to Contract No. 8838 with Bombardier Transportation (Holdings) USA, Inc. for AirTrain Operations and Maintenance Services in the amount of $42,200,000 to 1) exercise the three-year contract extension beginning March 1, 2014 thru Feb. 28, 2017 ($39,000,000), and 2) fund the budget shortfall for escalation and bonus adjustments for the initial five-year term ($3,200,000) in an amount not-to-exceed $42,200,000, for a new total contract amount not to exceed $98,700,000

Mr. Jeff Littlefield, Deputy Airport Director, Operations and Security said we are requesting approval of Modification No. 1 to Contract No. 8838 with Bombardier Transportation (Holdings) USA, Inc. for Operations and Maintenance services of the AirTrain Ground Transportation Rail system. The AirTrain provides vital ground transportation services to our customers and employees between the terminals, garages, rental car facility and will eventually provide service to our new hotel. The current contract with Bombardier was awarded in September of 2008 and covers a 5 year period from March 2009 to February 2014, and includes one 3 year option and two 1 year options. Modification No. 1 exercises the first 3-year option in the amount of $42 million. This amount includes $39 million for the 3 year option and $3.2 million to fund a budget shortfall from the original 5 year term. The $3.2 million shortfall resulted from labor cost increases, material escalation, and performance bonuses achieved by Bombardier beyond the original 5 year contract. The $42 million in this modification, is based on fixed amounts as well as historical and projected performance data to ensure these anticipated costs are covered in this modification over the next three years.

In conclusion, I respectfully ask that this Commission approve Modification No. 1 to Contract 8838 AirTrain Operations and Maintenance with Bombardier Transportation (Holdings), Inc. in an amount not to exceed $42 million which includes the $3,200,000 budget shortfall from the initial 5-year term and $39 million for an additional 3-year term beginning March 2014 thru February 2017. This results in a new total contract amount not to exceed $98,700,000. If approved, the Airport plans to go to the Board of Supervisors this August

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Modification No. 4 (Trade Bid Package Set D) to Contract No. 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 - McCarthy Building Companies - $7,688,239

No. 13-0157 Resolution approving Modification No. 4, adding Trade Bid Package Set D to Contract No. 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project, with McCarthy Building Companies in an amount of $7,688,239, for a new total contract amount of $20,045,763.

Mr. Ivar Satero, Deputy Airport Director, Airport Development and Technology said this modification awards the 4th set of trade bid packages adding the cast in place concrete, loading dock levelers, elevators, reinforcing steel, metal fab 1, and electrical and plumbing scopes of work in an amount of $7.7 million for a new total contract amount of $20 million. In accordance with the Administrative Code, these trade bid packages were competitively bid to a minimum of three pre-qualified bidders. The one exception was the metal fab, which was directly negotiated with the subcontractor and has a 7 ½% allowance for negotiated scope. The bids are reasonable in comparison to the Engineer's estimate and are within 5% of that estimate. We continue to maintain a cost forecast of completion of $26.9 million or essentially on budget performance. We continue to maintain appropriate cost contingencies within this forecast. McCarthy is currently achieving 15% LBE subcontractor participation and they are committed to 16.6% participation.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

4. Modification No. 2 to Contract No. 9048.9 - Construction Management Services for Terminal 3 Improvement Projects - URS/ECS, A Joint Venture - $1,200,000

No. 13-0158 Resolution approving Modification No. 2 to professional services agreement, Contract 9048.9, Construction Management Services for Terminal 3 Improvement Projects, with URS/ECS, A Joint

Venture, in an amount not to exceed $1,200,000 for a renewal of six months of services, from August 2013 through February 2014.

Mr. Satero said this item seeks authorization to continue the services by URS/ ECS, a Joint Venture, for a period of six months in support of the Terminal 3 Boarding Area E renovations program. This modification amount is $1.2 million resulting in a new total contract amount of $5.6 million with a contract expiration date of February 28, 2014. For the past year the URS/ECS team has provided CM support services for the T3 program in close coordination and under the management of Airport program and project managers, as well as administrative construction manager PGH Wong. PGH Wong is also providing CM services on the Boarding Area E program element. The URS/ECS team has provided various staff including a construction manager, special systems resident engineer, cost controls and other administrative staff. We have been less than satisfied with the performance of several of the staff and have been working through a process with the URS/ECS team to find suitable replacements for key members of that staff. We've also looked at shifting some of the administrative scope, that should really be under the administrative construction manager, to the PGH Wong team. The URS/ECS team have proposed and have new personnel. We interviewed the new personnel and accept these substitutions ... they are for construction manager, office engineer, and the addition of MEP (mechanical electrical plumbing) and resident engineer. The project control scope has been fully shifted over to the PGH Wong Administrative CM. Due to the difficulties with finding suitable replacements, we're proposing to extend this contract for six months and add $1.2 million. At the end of the six months we will return to the Commission with a recommendation either to continue services for another six months, potentially shift more work to the PGH Wong team, or cancel and re-solicit the contract. The six month extension is important because it supports the Terminal 3 Boarding Area E program and allows us to open Boarding Area E at the end of February with a team that we think can meet the challenge. We have negotiated the scope, staffing and fees for the six month extension. The team will continue to be a blend of both consultant and Airport staff. The City CMD approved an LBE participation goal of 18% and the URS/ECS team is currently 15%, but is committed to the 18% goal.

Commissioner Johns was a little unclear and assumed that we were unhappy with the services of some of the people who worked for the consultant.

Mr. Satero replied that's correct.

Commissioner Johns asked if we were adding the $1.2 million because of the personnel they had staffed.

Mr. Satero said it's a one year contract. Traditionally, we do them year by year with these bigger CM contracts. This contract is up in August and in looking at the next year's time extension, instead of one year we think it's appropriate to ask for six months while we evaluate the performance of the new team that's being brought to the project.

Mr. Martin said that the $1.2 million would have been the same regardless of the performance of the contractor.

Mr. Satero replied yes. It would have been for six months of services.

Commissioner Johns said that's my concern. It's the problem of the consultant employees we are paying and that's why we had to add the additional funding.

Mr. Satero responded that we would have had to regardless for the staffing.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 5 through 13, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Modification No. 8 (Trade Bid Package Sets M, N, O and P) to Contract No. 8974B - Design-Build Services for Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - $5,322,352

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|---|---|
| No. 13-0159 | Resolution approving Modification No. 8, adding Trade Bid Package Sets M, N, O and P, to Contract No. 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, with Hensel Phelps Construction Co. in an amount of $5,322,352 for a new total contract amount of $98,902,558. |

6. Award Two (2) 5-Year Airport Management Consulting Contracts to R.W. Block Consulting, Inc. Totaling $1,250,000 for Services Related to 1) Contract 9390 Grant Management and Capital Improvement Cost Reports ($650,000); and 2) Contract 9391 Capital Projects Oversight ($600,000)

| | |
|---|---|
| No. 13-0160<br>No. 13-0161 | Resolution awarding two 5-year Airport Management Contracts to R.W. Block Consulting, Inc. totaling $1,250,000 for services related to 1) Contract 9390 Grant Management, Capital Improvement Cost Reports, and Ad-Hoc Services in an amount not to exceed $650,000; and 2) Contract 9391 Capital Projects Oversight in an amount not to exceed $600,000. |

7. Amendment No. 2 to Contract 8792D - Runway Safety Area (RSA) Reimbursable Agreement with the FAA - $2,361,885.24

| | |
|---|---|
| No. 13-0162 | Resolution approving Amendment No. 2 to Contract 8792D, Runway Safety Area (RSA), Reimbursable Agreement with the FAA, for support with the navigational-aids system scope of work, in the |

amount of $2,361,885.24 for a new total Agreement amount of $4,519,373.19.

8. Modification No. 1 to Contract 9007A - Federal Aviation Administration (FAA) Airports Geographic Information System (AGIS) Pilot Project - Woolpert, Inc. - $272,000

No. 13-0163 Resolution approving Modification No. 1 to the Professional Services Agreement, Contract 9007A, Federal Aviation Administration (FAA) Airports Geographic Information System (AGIS) Pilot Project, with Woolpert, Inc. In an amount not to exceed $272,000, for a new total contract amount not to exceed $1,577,193.50.

9. Authorization to Issue a Request for Proposals for Contract 9380 - Designated Aviation Channeling Services

No. 13-0164 Resolution authorizing the issuance of a Request for Proposals (RFP) for Contract No. 9380, Designated Aviation Channeling Services and authorizing staff to enter into negotiations with the highest ranked proposer.

10. Award of Contract No. 9351 - Veterinary Services for the San Francisco Police Department Airport Bureau K9 Unit - San Bruno Pet Hospital - $75,000 per year

No. 13-0165 Resolution awarding Contract 9351, Veterinary Services for S. F. Police Department Airport Bureau K9 Unit to San Bruno Pet Hospital in an amount not to exceed $75,000 per year effective Oct. 1, 2013 for a period of three years plus two one-year options exercisable at the sole discretion of the Commission.

11. Modification No. 2 to Contract No. 8974.1 - Boarding Area E Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration CAGE, Inc. - $63,033

No. 13-0166 Resolution approving Modification No. 2 to Professional Services Agreement, Contract 8974.1, Boarding Area E Baggage Handling System and Passenger Boarding Bridge Improvements Design and Integration, with CAGE, Inc., in an amount not to exceed $63,033, for a new total contract amount not to exceed $1,862,000.

12. Authority to Establish a Special Fund to Receive Donations and Authorize Expenditure for Airport Special Events

No. 13-0167 Resolution recommending the Board of Supervisors adopt an ordinance establishing a special fund to receive donations to offset the cost of Airport Special Events related to the opening of projects included in SFO's Capital Improvement Plan and authorizing the Airport Commission to make expenditures from the fund for that purpose.

Commissioner Johns said that the last paragraph says "... come back to us with the detailed scope of work and budget for each of the projects," but will we do an RFP? Who will run the events? I remember being concerned after Terminal 2 opened with how things were handled and I am concerned that we open this up to event producers so that it's not just a fixed event producer from the Airport.

Ms. Kandace Bender, Deputy Airport Director, Communications and Marketing said currently, for Boarding Area E (and we have begun planning for those opening events), we are using someone through our marketing firm who is the LBE sub-consultant. We could certainly look putting out RFPs for future projects for the Air Traffic Control Tower or the Hotel, etc. We have used a number of different event planners for events we have done the last few years.

Commissioner Crayton asked about the scope for Boarding Area E.

Ms. Bender said that we're in the process of planning right now but we're looking at about $750,000 total for three events, including the Community Open House.

Commissioner Crayton asked if the planner for those events has been chosen.

Ms. Bender replied yes. It makes sense to have just one person do them because they're inter-related.

Commissioner Crayton asked who it was.

Ms. Bender replied it's Lynne Winslow. She's sub-contracts for catering, etc.

Commissioner Crayton said she didn't know that.

Commissioner Johns asked if Lynne did Terminal 2.

Ms. Bender replied that she did.

Commissioner Johns said that was her concern.

Mr. Martin said that we're looking at a different catering company for Boarding Area E.

13. Authorization to Exercise the One Two-Year Option, Under Pelican Communications, Inc.'s Pay Phones Lease No. 99-0229, for an Option Term of January 1, 2014 through December 31, 2015

| | |
|---|---|
| No. 13-0168 | Resolution exercising the one two-year option to extend the term of Pelican Communications, Inc.'s Pay Phones Lease No. 99-0229, for an option term of January 1, 2014 through December 31, 2015. |

Commissioner Crayton asked if the pay phones are throughout the entire Airport, or just coordinated in one area.

Mr. Leo Fermin, Deputy Airport Director, Business and Finance, said there are a number of pay phones throughout the Airport in selected designated areas.

Commissioner Crayton said that she had trouble finding one. Are there areas that do not have any pay phones at all?

Mr. Fermin replied there are areas where pay phones have been removed at the request of the operator for lack of usage. We've downsized the number of units throughout the buildings.

Commissioner Crayton asked if Pelican has all of our payphone operations.

Mr. Fermin replied that they have all of the public pay phones.

Mr. Martin said we try to have enough payphones pre and post security in every terminal building and every boarding area. It does take some searching.

Mr. Fermin said there are a total of 235 pay phones throughout the terminals.

Commissioner Crayton said that sounds like more than enough.

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H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

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I. CORRESPONDENCE:
There was no discussion by the Commission.

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J. CLOSED SESSION:
The Airport Commission voted unanimously to go into closed session. The closed session began at 9:25 AM.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION / PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code Section 54956.9) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]
CONFERENCE WITH LEGAL COUNSEL regarding potential litigation as plaintiff or defendant. Significant exposure to litigation pursuant to California Government Code Section 54956.9(d)(2), and San Francisco Administrative Code Section 67.10(d)(2)): Anticipated legal matters arising from the July 6, 2013 crash of Asiana Airlines Flight 214. DISCUSSION ONLY.

There are no other planned agenda items for the closes session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in closed session, the Airport Commission may discuss and vote whether to conduct a closed session under the Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

(d) [RECONVENE IN OPEN SESSION]
(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code Section 54957.1(a) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussion held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

The closed session ended at 9:44 AM and the Commission voted unanimously not to disclose the nature of the closed session.

* * *

J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:45 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**August 12, 2013**
**Special Meeting**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
August 12, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
August 12, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of July 23, 2013 were adopted unanimously.

No. 13-0169

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D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Retirement Resolution for Mr. Edward DeNatale

No. 13-0170 Resolution thanking Mr. Edward DeNatale of the Design, Construction & Technology Division-Engineering for twenty five years (25) of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director said Edward DeNatale has worked for the City for 25 years, including 23 years at the Airport. We thank him for his dedicated and committed work to the Airport over the years.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

* * *

F. POLICY:
Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner

Guggenhime. The vote to approve was unanimous.

2. Amendment of the Airport Debt Policy to Adhere to the Dodd-Frank Legislation

No. 13-0171 Resolution amending and updating the Airport Debt Policy to comply with the Dodd-Frank Financial Markets Legislation in order to effectively manage the Commission's interest rate swap portfolio.

Mr. Leo Fermin, Deputy Director, Business and Finance said this Amendment to the Airport's Debt Policy pertains to Appendix A which addresses interest rate swaps. In response to the financial markets crisis of 2008, Congress enacted legislation commonly referred to as the Dodd-Frank Legislation. It was intended to improve the stability of the financial markets by enhancing public disclosure and expanding regulatory oversight of various financial institutions and their transactions. Dodd-Frank requires the Airport to undertake certain procedures to demonstrate that it is capable of independently evaluating risk regarding its outstanding interest rates swap portfolio and all contemplated swap transactions and is not relying on the recommendations, if any, presented by any swap dealer with respect to swap transactions authorized by the Debt Policy. To comply with Dodd-Frank for its swaps, the Airport will execute standardized adherence documents prepared by the International Swaps and Derivatives Association (ISDA). Also, the Amendment requires that we designate an independent firm as our qualified independent representative . We plan to designate our swap advisor, Swap Financial Group, as a qualified, independent representative as required by the Dodd-Frank Legislation. Finally, we must obtain a legal entity identifier for annual swap data reporting purposes. Now these requirements are actually beneficial for municipalities that are counter parties to swap transactions such as the Airport. They enhance transparency and by providing standardized documents and disclosures, attempt to reduce the possibility that municipalities will enter into swap transactions that are not best suited for them.

Commissioner Johns said that the last paragraph says "I recommend the Commission approve the proposed changes and authorize additional revisions in compliance therewith, without further direction by the Commission, upon consultation with the City Attorney and on advice of the swap advisors." So what you're saying there is, you can consult with the City Attorney and the swap advisor regarding any changes to the policy that we're approving today, but you would not have to come back to us.

Mr. Fermin replied yes, primarily due to any technical adjustments regarding how the legislation is interpreted. Whether a certain document had to be filed or put together on a certain matter or whether a new form had to be completed and submitted as per the legislation. It would primarily be all technical adjustments.

Commissioner Johns said that's what I thought, but it was not totally clear.

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G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

3. Modification No. 2 to Contract No. 8974.9 - Construction Management Services for the Terminal 3, Boarding Area E Refurbishment Project PGH Wong Engineering, Inc. - $3,942,000

No. 13-0172 Resolution approving Modification No. 2 to the Professional Services Agreement, Contract 8974.9, Construction Management Services for the Terminal 3, Boarding Area E Refurbishment Project, with PGH Wong Engineering, Inc., in an amount not to exceed $3,942,000 for Administration Construction Management services through July 2014, for a new contract amount of $9,165,000.

Mr. Ivar Satero, Deputy Director, Design, Construction and Technology said this item seeks authorization to continue PGH Wong's services in support of the Terminal 3 program. The proposed $3.9 million modification will result in a new total contract amount of $9.165 million and will provide for administrative CM services thru July 2014. The services to be provided under this modification are related to the administrative construction management role PGH Wong serves under the Terminal 3 program. With the closely inter-related nature of the Terminal 3 checkpoint project with the Boarding Area E program, we developed a consolidated organization of both CMs from those separate projects into an Administrative Construction Management (ACM) role to be efficient with staff resources and save money. PGH Wong was assigned this role based on the expertise of their key personnel. URS also supports this through their contract with their key personnel and so we have an ACM role to make most efficient use of our staffing resources. The positions provided under this ACM services are the Project Controls Manager, the Tenant Improvement Manager, Field Scheduler, Sr. Scheduler, and Field Coordinator. This is a shared resource between the two projects under the Terminal 3 program. PGH Wong's team continues to provide an exceptional level of service in this ACM role as well as their Boarding Area E CM role. We have negotiated the scope staffing and fees to continue the ACM services thru July 2014. The $3.9 million modification is within the Airport's overall soft cost goal of 15% and will result in a final contract at completion in line with the 5%-6% performance of our CM contracts. The forecast for the PGH Wong scope of work is within the $11.4 million budget for all services at completion. The team will continue to be a blend of Airport and consultant staff. The HRC LBE subcontractor goal is 18% and PGH Wong is endeavoring to achieve 21% participation.

Commissioner Crayton noted that when the contract was awarded it was seven months later when you came before the Commission for a modification.

Mr. Satero replied yes.

Commissioner Crayton said that this is a third modification, is it not?

Mr. Satero replied that this is Modification No. 2.

Commissioner Crayton said she was concerned because it's almost like we are

awarding them a new contract when it should have been let to everybody. Can you help me understand that better?

Mr. Satero replied that Mod. 1 recognized the much larger scope of work because of the re-visioning of the Boarding Area E program, and at the same time the T3 Checkpoint program was going through a similar re-visioning and re-scoping. Both projects were proceeding on fairly parallel tracks with separate CM firms, so in the interest of cost efficiency, we developed this ACM role and then gave both firms the opportunity to fulfill that role. The PGH Wong proposal was a stronger proposal than the URS proposal. Because the services were similar for the project and related to the Terminal 3 program, and because both projects were running at a fast pace, we were able to do that modification without re-soliciting. That essentially became the same amount of services but we were able to use existing staff for the most part. I think the Commission package is a little unclear that these aren't new positions. These are mainly dual duty positions, the Construction Manager for the Boarding Area E project is also the Administrative Construction Manager. I think the package lacked clarity about that.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. Authorization to Issue a Request for Qualifications/Proposal for Professional Services for Contract No. 8872.9
Consolidated Administration Campus Program Support Services

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| No. 13-0173 | Resolution authorizing the Director to issue a Request for Qualifications/Proposal for professional services for Contract No. 8872.9, Consolidated Administration Campus Program Support Services. |

Mr. Satero said that this item authorizes staff to proceed with an RFQ/RFP process for the Consolidated Admin Campus. With the assistance of AECOM, under their as-needed construction management and project management support services, we developed programmatic requirements and site development alternatives for a consolidated Admin campus.

There are several key issues related to this that are targeting this direction of a consolidated campus and most notably, the three most significant ones are related to the current condition of the Engineering (the Jason Yuen) Building which is deficient in many areas ... seismically as well as systems, and basically a major rebuild is required. There's also significant inefficiencies with the disparate nature of our current configuration of staff offices. They're remote from one another and it's just inefficient operationally, so we look at this as an opportunity to improve upon that. The third is the Airport's Reaching for Number One (RFN1) initiative and this consolidation will greatly enhance our implementation of RFN1 and its

core values. We see this as a fundamental program to bring the Airport together into a single location and solve those issues. In the initial studies, we determined that the existing site of the Jason Yuen Engineering building and the Museum building is an optimal site for this development. It's under utilized with less than ideal placement of the Museum building as well as the Jason Yuen building. It allows us to phase construction so we can build it in phases as funding permits, given the sensitivity of the airlines to the larger $4 billion program. We'll be able to pay for the facilities over a longer duration. It's directly adjacent to the AirTrain station so there is still very efficient connectivity to the broader Airport facilities and campus. We are not proposing to relocate all staff to this facility, in particular the Executive Offices will remain in the International Terminal. It's also important that the critical Airfield Safety function remain in the airfield and the Communications Center remain in its location. Part of this next phase will be to clarify that and make decisions as to what goes into the new campus and what doesn't. We are anticipating that the services to be provided by the consultant will be campus planning, the development of design guidelines, implementation, cost estimating, scheduling services, contract prep, solicitations, and program level administrative and construction management coordination, as well as community outreach and sustainability management. We will follow all of our Airport procedures for RFQ/ RFP processes and establish minimum qualifications and expertise as appropriate for the size of the program. We'll return with a recommendation to award a contract to the highest ranked proposer and we're proposing to award this just for the first year of services for $1.2 million, and then return to the Commission with further recommendations on how to proceed with this larger campus program. It is in the neighborhood of $205 million as currently envisioned with a Phase 1 in the neighborhood of $50 million for the replacement Design and Construction building and Museum building. It will be submitted to the airlines in January and we have initial approval from the airlines in the neighborhood of $6 million. We will be strongly encouraging local and small business participation in this program and we'll work with the City's Contract Monitoring Division to establish LBE goals.

Commissioner Johns said I'm glad to hear that the Administrative offices are going to stay. When Commissioner Stern and I had a tour of the area in question there were indications that everyone would be moved and we had some concerns about how being remote might effect what folks see in terms of everyday operations in the terminals. I'm glad to hear that and I hope that other folks who have interaction with the public would continue to have offices on site. As they walk through they see little things that you won't see if you're remotely located. Also, tell me about the Museum again. Are we going to build a whole new Museum?

Mr. Satero replied yes. The Museum is located next to the Facilities building.

Commissioner Johns said I know where they are. I've had a tour of that building and I'm just curious about that part of the project.

Mr. Satero said that piece of it is in the neighborhood of $12-$14 million and because that existing facility is right in the middle of the plot, it doesn't allow for the space redevelopment. It's an old facility that also requires significant investment if we don't build a new facility. We're going to build a replacement facility on that site but in a more optimal location that would then allow for the new Design,

Construction and Technology building. The Museum office will be the first piece of the Phase 1. The site is more optimal in its reconfiguration.

Commissioner Johns asked if we're going to spend $12 million just to move the Museum to make the campus location better.

Mr. Satero said that if we didn't, we would still have to spend about $6 million for rehab of that building and so the premium we're paying is in the neighborhood of $6-$7 million to make that campus happen.

Commissioner Johns said I think the Museum is great but I'm just questioning how the airlines are going to take that kind of a project.

Mr. Satero said I believe they're supportive of the Phase 1 program which includes the Museum. They've asked us to reduce cost. We submitted Phase 1, which is the Museum and the Design and Construction (the Jason Yuen) Building at about $58 million. They've asked us to reduce cost by about $8 million. We're looking at that now and we'll be studying it with this first year of services. We believe they will support the Phase 1 project.

Commissioner Johns noted that the Museum office is a large square foot area that houses parts of the old collection that doesn't always gets shown and asked if it is a storage space. Is it going to remain the same or will some of the collection be put someplace else, or will we be keeping it? I heard there was thought that some of it might be sold off; that it's not efficient to maintain some of it.

Mr. Satero said that's a good question. About 35-40% of the facility is storage space and the rest is part of the Carpenter Shop that builds the supports for the cases. There is an opportunity to reduce storage and for selling off or storing elsewhere. I'll get back to you on that.

Mr. Martin said that this used to be the Host commissary. This is a 50+ year old building that was built as a warehouse and commissary where food was prepped and is not ideally suited for a Museum. There are a lot of inefficiencies in the way the space is set up.

Commissioner Stern echoed some of the comments in terms of the thought process on who gets moved in the consolidation effort. My fear and my concern is when you have managers taken away from the terminals, they're not walking in the halls. A lot of issues are reported but most issues are found and seen first hand, so just think through that.

Mr. Martin said that is one of the reasons we're keeping the Administrative offices as you suggested and the different operations functions such as Communications, Terminal Management and Customer Service in the terminal area. But there remains a balance in the need for people to get over in the terminals, and having the Executive offices in the terminal means staff will have to go there for meetings.

Commissioner Johns remembered that access to AirTrain didn't seem very good and asked if there is going to be some reconfiguration for easier access.

Mr. Satero said that as part of the initial study we looked at a bridge coming over the track into the center platform.

Commissioner Johns ... from the building itself?

Mr. Satero replied one of the final phases of the building. Initial phases would not accommodate that but the final phase would allow for a much more direct access to AirTrain. Getting off AirTrain is as seamless as you can get. The path of travel to get on AirTrain is not that safe.

Commissioner Crayton said she has not yet had a tour. She asked how many people will be making the transition to the new campus.

Mr. Satero replied it's in the 400-500 range.

Commissioner Crayton said she wanted to look at it side by side to see what it is now and then visually understand that piece of it for the new building. It would also be good for the Public to understand that as well. Do we need to do a trial? We want to make sure that security is most important. I'm trying to understand the efficiency of the dollars. You always do a very thorough job but I'm having issues with my inability to understand it. Also, what do you mean by "adjacency?"

Mr. Satero ... closeness, nearness.

Mr. Martin replied the adjacency of the AirTrain and Maintenance facility. We want to have the AirTrain staff adjacent to the Engineering.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Amendments No. 1 to Domestic Terminal Food and Beverage Program:
Lease No. 03-0184 with Bay Area Restaurant Group, JV ("Max's Eatz" and "Max's the Greek");
Lease No. 03-0183 with Bayport Concessions, LLC ("Willow Creek Grill");
Lease No. 03-0200 with SSP America, Inc. ("Anchor Steam"), and
Amendments No. 2 to:
Lease No. 03-0193 with Gotham Enterprises, LLC ("Peet's Coffee &Tea"); and
Lease No. 03-0180 with Sankaku, Inc. ("Sankaku")

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| 13-0174<br>13-0175<br>13-0176<br>13-0177<br>13-0178 | Resolution approving Amendment No. 1 to Domestic Terminal Food and Beverage Program Lease No. 03-0184 with Bay Area Restaurant Group, JV; No. 03-0183 with Bayport Concessions, LLC; No. 03-0200 with SSP America, Inc. and Amendments No. 2 to Lease No. 03-0193 with Gotham Enterprises, LLC; and No. 03-0180 with Sankaku, Inc. Offering replacement premises, reimbursement for unamortized construction costs and new commencement dates and direct the Commission Secretary to seek approval of the Board of Supervisors. |

Mr. Leo Fermin, Deputy Director, Business and Finance said that when we shut down Boarding Area E for renovation, we had to close down and demolish the concession spaces. We negotiated terms with the tenants for the shut down and reconstruction of new concession spaces. The Commission and the Board of Supervisors approved the business terms for Boarding Area E tenants. We now have to shut down tenants for the Terminal 3 East Renovation Project. Just as a reminder, this project expands two Security Checkpoints in Terminal 3 to relieve congestion and enhance the customer experience. The project will also expand the footprint of the entire East side of Terminal 3 to provide additional circulation space, expanded concession program and enhanced amenities. The project will also seismically strengthen the Terminal, replace the HVAC systems, and electrical load centers, expand fire sprinklers and alarms, renovate elevators and escalators, and modernize some of the building finishes. For the tenants being displaced by this project, we would like to offer the same business deal as the tenants received in Boarding Area E. The highlights are: buy out the unamortized value of the original build outs. For these five leases the collective total buy out is estimated to be approximately $437,500. These spaces will then be demolished as part of the project. Rent and other fees will be suspended during the approximately two years of the renovation. Tenants will be given replacement spaces which they then need to build out as brand new facilities. Tenants will be given a new 10-year term for their new facility. We will work with the tenants to ensure that these new facilities meet or exceed the quality of the concession offerings in Terminal 2. With your approval, we will next seek Board of Supervisors' approval of these lease amendments.

Commissioner Stern asked at what point have you talked to the tenants, or have your talks been ongoing.

Mr. Fermin replied that we've been in on-going discussions for a little over a year with the tenants.

Commissioner Stern asked if they are on board with all of this.

Mr. Fermin replied that they are.

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H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 6 through 13, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

6. <u>Authorization to Enter Into an Other Transaction Agreement with the Transportation Security Administration for Reimbursement for Construction of the Terminal 1 Checked Baggage Inspection System Modernization Program - $92,471,000</u>

No. 13-01179 Resolution authorizing the Airport to enter into an Other Transaction Agreement (OTA) with the TSA for reimbursement of construction services for the

Terminal 1 Checked Baggage Inspection System Modernization Program in an amount not to exceed $92,471,000.

7. Authorization to Modify and Increase the Other Transaction Agreement with the Transportation Security Administration for Reimbursement of the Design of the Terminal 1 Checked Baggage Inspection System Modernization Program - $3,290,800 to $6,427,000

No. 13-0180 Resolution authorizing the Airport to modify and increase the amount for Design Services for the Other Transaction Agreement (OTA) with the TSA for Reimbursement of the Design of the Terminal 1 Checked Baggage Inspection System Modernization Program from $3,290,800 to $6,427,000.

8. Modification No. 2 to Contract No. 8792C - Program Support Services for Runway Safety Area (RSA) - AECOM - $2,420,000

No. 13-0181 Resolution approving Modification No. 2 to Contract No. 8792C, Program Support Services for Runway Safety Area (RSA) with AECOM, in the amount of $2,420,000 for services through December 31, 2015.

9. Modification No. 3 (Award Trade Bid Package No. 3.1) to Contract No. 9048A Design-Build Services for Terminal 3 East Improvements - Hensel Phelps Construction Company - $1,896,000

No. 13-0182 Resolution adding Trade Bid Package Set 3.1 to Contract No. 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Company in an amount of $1,896,000 for a new total contract amount of $35,513.714.

10. Modification No. 5 (Trade Bid Package Set E) to Contract No. 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 McCarthy Building Companies - $1,357,674

No. 13-0183 Resolution adding Trade Bid Package Set E to Contract No. 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 Project, with McCarthy Building Companies in an amount of $1,357,674, for a new total contract amount of $21,403,437.

11. Modification No. 1 to Contract No. 9183R - Maintenance of the Airport's Water Perimeter Security Buoy System - Ballard Diving and Salvage - $70,000

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| No. 13-0184 | Resolution approving Modification No. 1 to Contract No. 9183R with Ballard Diving and Salvage to increase funding for maintenance of the Airport's Water Perimeter Security Buoy System in a not to exceed amount of $70,000 for the remaining 23 months of the three year contract, for a new not to exceed contract amount of $130,000. |

12. Approval the Second and Final One-Year Option under World Duty Free Group North America, LLC Terminal 3 Newsstands and Specialty Stores Lease No. 07-0100

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| No. 13-0185 | Resolution exercising the second and final one-year option under World Duty Free Group North America, LLC Terminal 3 Newsstands and Specialty Store Lease No. 07-0100, for an option term of Jan. 1, 2015 thru Dec. 31, 2015. |

13. Approval of Acquisition of Additional Perpetual Avigation Easements to Replace Expiring Easements and Authorization to Seek Board of Supervisors' Approval to Accept and Record Easements

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| No. 13-0186 | Resolution approving acquisition of additional Perpetual Avigation Easements to replace expiring easements as part of the Noise Insulation Program, and authorization for Director to seek Board of Supervisors' approval to accept and record the easements. |

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I. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests from the public to speak.

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J. CORRESPONDENCE:

There was no discussion by the Commission.

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K. CLOSED SESSION:
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION / PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code Section 54956.9 and the Sunshine Ordinance (San Francisco Administrative Code Section 67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]
CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9(a), Administrative Code §67.8(a)(3)): *In re American Airlines, Inc.,* United States Bankruptcy Court for the Southern District of New York, Case No. 11-15463 SHL. Discussion of possible proposed settlement and resolution recommending approval by the Board of Supervisors. ACTION ITEM.

No. 13-0187

There are no other planned agenda items for Closed Session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under the Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

(d) [RECONVENE IN OPEN SESSION]

(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code Section 54957.1(a)) and the Sunshine Ordinance (San Francisco Administrative Code Section 67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code Section 67.12(a)). ACTION ITEM.

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L. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:50 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**September 4, 2013**
Special Meeting
**9:00 A.M.**

**Room 408 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
September 4, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
September 4, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 408, City Hall, San Francisco, CA.

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B. ROLL CALL:

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| Present: | Hon. Larry Mazzola, President |
| | Hon. Eleanor Johns |
| | Hon. Richard J. Guggenhime |
| | Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of August 12, 2013 were adopted unanimously.

No. 13-0188

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D. DIRECTOR'S REPORTS:
1. Director's Report - Airline Traffic

Report of Airline Traffic for Fiscal Year 2012/13.

Ms. Denise Martinez, Manager, Business & Finance said this report highlights air traffic for FY 2013. It was busy, and this is good for the Airport. As compared to the prior year, the passenger growth rate was 4%, that translated into 22.3 million enplanements and 44.7 million total passengers in and out of the Airport. Both of those are new records for us. The 4% growth rate was the highest among major U.S. international gateways. In the Bay Area, traffic stabilized in Oakland and San Jose, and our passenger market share ended up at 70.8%, a slight increase over the prior year. The first half of the year saw a high growth of 6.7%, and at the mid year point a lot of the new services that had started in the prior year, particularly United Airlines hub growth and Virgin America, reached a full year so the second half of the year moderated to a 1.2% growth rate. Going forward we expect to see a more moderate growth rate, particularly on the domestic side, with stronger growth on the international. The 4% growth rate was really 850,000 more enplanements going through the Airport in FY 2013. Most of the increase was in domestic travel, again driven by United and Virgin America, and it totaled in the domestic side over 707,000 more enplanements, for a 4.2% increase. International travel increased by 146,000 enplanements or a 3.2% increase. The increase was largely to Asia, Europe, and Latin America. We also had new international service in the last quarter of the year, with United restarting its Paris

flight after many years. We also had two new entrants, SAS to Copenhagen and China Eastern to Shanghai. Lastly in air cargo, our metric tons decreased by 3.9% but because this seems to be a phenomena that is in a lot of airports, our market share in the Bay Area declined by less than a percentage point to 41%.

2. Director's Report - Update on SFO Clean Vehicle Policy

By Resolution 00-0052, the Airport Commission adopted a landmark Clean Vehicle Policy that exceeded any other U.S. Airport Clean Vehicle Policy. Without any regulatory requirements mandating the action, SFO's Policy set the goal of achieving 100% clean fuel use in as many ground transportation fleets as practicable by 2012. This report is an update on our progress.

Ms. Eva Cheong, Associate Deputy Director, Operations and Security said that this is an update on our progress with our Clean Vehicle Policy. In 2000, the Commission adopted a landmark clean vehicle policy that at the time exceeded any policies in place at any other U.S. airport. Airport sustainability is one of our overall 5 year objectives and the Clean Vehicle Policy is integral to meeting those objectives. Since implementation, this policy was designed to meet multiple initiatives across many different divisions at SFO and some of those initiatives have included two separately operated state of the art CNG facilities, introduction of BART and AirTrain systems, incentives to rental car agencies to offer hybrid vehicles, installation of electric vehicle charging stations in all of our parking garages, electrical infrastructure around the gate and ramp areas to encourage airline tenant use of electrical vehicles for aircraft servicing, and where possible, our SFO fleets are a mix of CNG, hybrid, and bio-diesel. We've also taken a multi facet approach to reducing vehicle emissions among ground transportation providers and some of these initiatives have included access to alternative fuel sources such as CNG and bio-diesel, coordination of grant funding for vehicle conversions and purchases, and both financial and non-financial incentives to encourage alternative fuel use. Incentives included were trip fee penalties for non-compliant courtesy shuttles and mandated fleet reductions for non-responsive shared ride van operators. On www.flysfo.com we recognize and post website links for limousine companies offering hybrid or alternative fuel vehicles in their fleets and we have offered incentives to hotels to reduce the number of courtesy vehicle trips around the Airport. As a result of these initiatives, we are currently at 100% clean vehicles for parking lot shuttles, hotel courtesy shuttles, shared-ride vans, and all of our SFO shuttle buses to parking lots. In coordination with our efforts with San Francisco MTA, the current taxi fleet is 89% either hybrid, electric or CNG and those that aren't are primarily ramp taxis used for customers with disabilities. There are no green alternatives for those vehicles. Major long haul charter and bus operators have converted to bio-diesel or installed particulate filters on their vehicles. Looking to the future, we will be focusing on developing policies to improve clean vehicle percentages for our off-airport rental car shuttles, cruise shuttles, and limousines. Assuming the new transportation network companies receive CPUC permits ... this refers to peer-to-peer transportation

services such as Lyft, UberX, and SideCar, we will also work to develop clean vehicle policies for them in our permits. Currently, there are over 5,000 CNG electric bio-fuel and advanced diesel vehicles in operation at SFO, which includes SFO vehicles as well as ground transportation providers. This year Airport's Council International, North America honored us with the Environmental Achievement Award for our Climate Action Plan. Our policies for clean vehicles played a large role in helping us achieve that recognition. Since 1990 SFO has lowered greenhouse gas emissions from Airport controlled operations by 34%.

Commissioner Guggenhime asked about the Level 3 chargers used by Tesla.

Ms. Cheong replied we have level 1 and 2 chargers in all garages and regular power hook up. Teslas park there regularly and are able to use those charges. At this point, we don't have a super charger but we are investigating what sort of infrastructure it would take. The electrical infrastructure in our garages is a little outdated for some of that technology so that's one thing we'll be exploring over the years. We've had talks with Nissan, Volt and Tesla. Tesla has a different plug in model on their vehicles, but we are exploring that for all garages.

Commissioner Johns asked about the difference between a regular charger and a super charger.

Ms. Cheong replied the super charger gives you a full charge in about 45 minutes, as opposed to either 4 hours on level 2, or a regular charge at about 8 hours.

Commissioner Guggenhime noted that depending on the age of the building only so many cars can be plugged in at the same time or the system won't support it.

Ms. Cheong replied we will need additional infrastructure to handle the chargers.

Mr. Ray Sloan wanted to speak to this issue because he wanted to point out the tremendous cost this has been rideshare and shuttle companies and the drivers. Before this program began a van cost around $20,000, and today a CNG van is just under $60,000. When you add that to the cost of going to the curb, which for a company that has 15 vans or so, you're paying close to $30,000. It's almost prohibitive, and shuttle companies are environmentally sensitive because they carry more passengers. It would be good to have alternative fuel. We've only been allowed CNG and, as you heard from staff comments, there are all sorts of alternatives - bio-fuel, and a national van pool operation that brings commuters in and they have flex fuels. Flex fuel reduces emissions by 70%. We'd like to move in that direction and have those opportunities as well. Thank you for your time.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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F. POLICY:

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Consideration and Possible Action to the Airport Naming Committee's Recommendations to the Airport Commission of an Official Naming Policy

No. 13-0189

The Airport Naming Committee has met and submits recommendations for the Commission's consideration and approval on various naming opportunities and policies and procedures for any future naming of the Airport, terminals and facilities. If accepted, the Commission will also adopt an official Airport Naming Policy.

The Committee's final recommendations were agreed to unanimously at the August 14, 2013 Committee meeting and have been reviewed by Airport staff, the Committee Chair and the Committee Secretary to confirm that the proposed recommendations accurately reflect the Committee's direction.

Ms. Cathy Widener, Airport Government Affairs said that in March, 2013 you approved the formation of an Airport Naming Committee, Chaired by President Mazzola with representatives from the aviation sector, the business community, the government sector, non-profit community and the travel industry. The Committee was tasked with a scope of work that included providing a public process to develop broad policy guidance to the Airport Commission. Before you today is a recommendation from the Committee on policies and procedures to establish an official Airport Naming Policy. The recommendations are the result of three public meetings where the Committee reviewed materials relating to the naming policies of other public entities, the history of naming and dedications of Airport property and maps of SFO's physical plant. The Committee also looked at passenger wayfinding issues, operational requirements and other considerations related to areas that may or may not be named or dedicated at the Airport. At the Committee's final meeting on Aug. 14, 2013 members unanimously agreed upon a set of recommendations, including a general policy statement that reads "The real property comprising the San Francisco International Airport serves the people of the City and County of San Francisco, the San Francisco Bay Area and the traveling public from around the world. Naming or dedicating any location within the Airport should be made sparingly and only upon careful, extensive consideration and the finding of compelling reasons to commemorate an extraordinary person or persons in conformance with the procedures set forth in this recommendation." The set of recommendations is attached to a resolution adopting a formal Airport Naming Policy that you are being asked to support today.

Commissioner Mazzola said I want to thank everyone involved, especially the Committee who met on these three occasions. I think it's good for the Airport Commission to have its own policy. Other Boards and Commissions do in fact have policies so it's good that we now have a policy to name something at the Airport. I want to thank everyone and I want to thank the Commission.

Commissioner Johns thanked President Mazzola for initiating this and for all the hard work. I think it's very timely and important that we have a policy that sets out what can and can't be named. I appreciate your initiating this.

Commissioner Mazzola said thank you Eleanor, thank you very much.

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G. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE: Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Award of Contract No. 8427CA - Design-Build Services for Industrial Wastewater Treatment Plant - Shimmick Construction Company, Inc. - $5,660,000

No. 13-0190 Resolution awarding Contract 8427CA, Design-Build Services for Industrial Wastewater Treatment Plant, to Shimmick Construction Company, Inc., in the initial amount of $5,660,000.

Mr. Ivar Satero, Deputy Director, Design Construction and Technology said the Mel Leong Treatment Plant serves two primary functions, the treatment of sewage and the treatment of all other flows mainly consisting of industrial waste. About 10 years ago we did a complete refurbishment of the sewage process side of the plant and this contract now will refurbish the industrial side of the plant and will include three primary scopes of work: the industrial waste treatment process itself, a new reclaimed water system process, and a chemical testing lab to support the functions of the treatment plant. The reclaimed water system, the industrial waste, is the easiest flow to treat and to reuse those flows for reclaimed water. This system will support all of the dual plumbing piping we've put in our terminal buildings and continue to put in our terminal buildings, once we connect the whole reclaimed water system from the new plant into the terminal complex.

In response to the RFP, the Airport received three proposals from design-build teams. All three firms met the minimum qualification requirements and were responsive to the bidding requirements. We convened a selection panel to score the written proposals of the three firms, and based on the scores of the proposals and in accordance with the RFP, we invited all firms to participate in the oral interview. Based on the results of the scoring of the technical proposals, the oral interviews, and the cost criteria, Shimmick is determined to be the highest ranked proposer with a score of 711 points out of 757. The initial award amount of $5.66 million provides for the fixed design fee, general conditions cost and a $1 million allowance for early construction activities. As is typical with all of our design build contracts, we will return to the Commission as we award sub trade packages thru a competitive bidding process, and we'll update the forecast at each stage in that award. Funding for this contract is provided out of capital funds. A 23% LBE participation goal was established by CMD for construction services, and a separate goal of 15% for professional services. Shimmick has committed to meeting both of these goals.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Award of Contract No. 8594A - Boarding Area 'A' 400 Hertz System Infrastructure Improvements - Schembri Construction Co., Inc. - $4,774,943

No. 13-0191 Resolution awarding Contract 8594A, Boarding Area 'A' 400 Hertz System Infrastructure Improvements, to the lowest responsive, responsible bidder, Schembri Construction Co., Inc. in the amount of $4,774,943.

Mr. Satero said that we provide the 400 hertz system at all boarding gates, and along with the pre-conditioned air system these are environmentally sustainable systems that allow aircraft to park at gate positions without running their APUs, saving carbon emissions. SFO has been a leader in implementing this technology and providing these services at gates. This contract specifically addresses the Boarding Area A. The 400 hertz equipped at Boarding Area A is old and outdated and does not have sufficient capacity for newer aircraft, in particular the Boeing 787. We're adding new units, replacing existing equipment and upgrading the infrastructure so the boarding area will have the capacity to meet current and future demand. The original Engineer's estimate at bid call was $3.2 million and subsequent to the bid call we identified additional scope related to the Boeing 787 aircraft. After insuring we had sufficient capacity to accommodate the 787, we also discovered that some of the electronic control boards at the passenger boarding bridges were also outdated and no longer supported by the manufacturer. We added that scope to the contract so the anticipated amount of the bids was expected to exceed the Engineer's estimate. We received two bids, both of which were substantially in excess of the Engineer's estimate, so we felt it appropriate to redo the Engineer's estimate thru a third party estimate to insure reasonableness of the bids. The bids received were both within a 10% range of the estimate and we consider both bids to be reasonable. We are also proposing a longer contract duration due to the added scope and so we have increased the contract duration from 365 calendar days to 545 calendar days. Trico has committed to achieving 10.5% LBE subcontractor participation in comparison to the CMD goal of 10%.

Commissioner Johns asked where Boarding Area A is.

Mr. Satero replied that it is on the right side of the International Terminal.

Commissioner Johns asked how he chose Boarding Area A.

Mr. Satero replied looking at aircraft is one of the components and who's bringing in the 787. I believe the G side has some upgraded 400 hertz equipment that was installed previously. I'm not positive so I can get back to you. But I think the G side has been addressed over the years with newer equipment and that was a change from solid state technology back to what's called a motor generator technology, and is more reliable from our perspective and more maintainable.

Commissioner Johns asked if the gates in Terminal 2 have been upgraded.

Mr. Satero replied yes. Those are all new motor gen 400 hertz systems.

Commissioner Johns asked Boarding Area E.

Mr. Satero replied Boarding Area E will, but I'm not positive about that.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Establish Pool List/Authorize Request for Proposals for Contract 9352, Consultant Pool List of Prequalified Firms for Project Management Support Services

No. 13-0192 Resolution establishing a consultant pool list of prequalified firms for Project Management Support Services and authorizing RFPs as required for projects on the Airport's 5-year CIP.

Mr. Geoff Neumayr, Design, Construction and Technology said this item seeks approval of a pool list of 10 pre-qualified firms to provide project management support services for projects involved in the Airport's 5-Year Capital Program and authorizes staff to issue RFPs to the approved pool as required to support these projects. In response to the RFQ for as-needed Project Management Support Services, the Airport received 17 Statements of Qualifications (SOQ) from interested firms. Staff performed an initial review of the SOQs and determined that all firms met the minimum qualifications. As contained in the RFQ, we recommend up to 10 firms be included in the pool list of pre-qualified firms. Due to the quality and quantity of SOQs submitted staff recommends approving a short list of the top 10 scoring firms. Several firms were eligible to receive an LBE rating bonus, which ranged from 5-10% depending on LBE participation at the prime level. As needs arise for these services, staff will issue RFPs to the entire pool and convene a selection panel to review and score the proposals. Upon successful completion of negotiations, staff will return to the Commission with a recommendation to award a professional services agreement. Similar to what has been done on previous pool lists for construction manager and project manager support services, the Airport wants to insure broad involvement with the short listed teams. We will set up the process so that each firm on the pool list receives a contract award prior to any firm receiving a second contract. Under the previous pool, contracts were awarded to all seven firms on the pool list. Staff anticipates being able to utilize this entire pool list and will likely award more than 10 contracts from the pool. We have had tremendous success in insuring a high level of meaningful participation of local disadvantaged businesses in all of our construction programs and we are fully committed to continuing that success with the implementation of our $4.1 billion capital program, in particular as it relates to professional and construction service contracts. In order to maximize LBE participation, the Airport will work with the City's contract monitoring division to establish LBE-specific subcontracting goals for each RFP we issue. In addition to the specific subcontracting goals established by the City's CMD, staff will informally set LBE goals above the specific requirements established and we'll work with the individual primes to

encourage increased participation whenever the opportunity presents itself. With the Commission's approval of this resolution, staff will soon release a number of RFPs for Project Management services to support the Terminal 1 projects.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 7 thru 11, was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Award Contract No. 9379 - Computer Based Training System Maintenance and Support Agreement - Safety and Security Instruction, Inc. - $160,000

No. 13-0193 — Resolution awarding Contract 9379, Computer Based Training Maintenance and Support Agreement, to Safety and Security Instruction, Inc. (SSi) in an amount not to exceed $160,000 for a period of three years effective Oct. 1, 2013, with one 2-year option exercisable at the sole discretion of the Commission.

8. Amendment No. 1 to Contract 9088 - Operation, Management, and Administration of the San Francisco International Airport (SFO) Medical Clinic - Dignity Health dba St. Mary's Medical Center - $100,000

No. 13-0194 — Resolution approving Amendment No. 1 for Professional Services Contract 9088 for the Operation, Management and Administration of the SFO Medical Clinic to provide $100,000 for contract contingency to address change to an electronic medical records charting and billing system.

9. Authorization for Acquisition and Recordation of Avigation Easements as Part of the 2012-2014 Phase of the Noise Insulation Program

No. 13-0195 — Resolution authorizing the Airport Director to acquire Avigation Easements as part of the 2012-2014 Phase of the Noise Insulation Program, and to request approval by resolution of the Board of Supervisors for acceptance and recordation of the easements.

10. Authorization to Issue a Request for Proposals for Contract No. 9399 As-Needed Environmental Consulting Services

No. 13-0196 — Resolution authorizing a Request for Proposals for Contract No. 9399, As-Needed Environmental Consulting Services.

11. Bid Call - Contract No. 9398 - As-Needed Environmental Remediation Services

No. 13-0197 Resolution approving the scope, budget, and schedule for Contract No. 9398, As-Needed Environmental Remediation Services, and authorizing the Director to call for bids when ready.

* * *

I. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no items initiated by Commissioners.

* * *

J. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

K. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**September 17, 2013**

**9:00 A.M.**

13

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
September 17, 2013

AIRPORT COMMISSION MEETING MINUTES
September 17, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton |

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of September 4, 2013 were adopted unanimously.

No. 13-0198

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D. SPECIAL ITEM:
Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Retirement Resolution for Mr. Floyd Reed

| | |
|---|---|
| No. 13-0199 | Resolution thanking Mr. Floyd Reed of Facilities/ Custodial Services Section for 25 years of faithful service and to offer best wishes for a long and fruitful retirement. |

John Martin, Airport Director said that Mr. Reed is retiring after 40 years of City service, including 25 years at the Airport. He started as a Section Supervisor and has been in charge of Operations night shift and most recently on the swing shift. Floyd has gone above and beyond in promoting the Airport and service to our communities. He really exemplifies the core values and he brings out the best in the employees he supervises. He's volunteered as a Campaign Coordinator for Combined Charities and the Custodial Section always has one of the highest contribution rates of any Section at the Airport. He also helped create a Custodial Internship Program that we've had for the last few years; a very successful program. He always steps in and helps out, going above and beyond. We thank Floyd for his outstanding service to the Airport and wish him well in his retirement.

Mr. Reed thanked the Commission for many for supporting the Custodial

Program. I want to thank our great leader, Mr. John Martin, he's been fantastic. He's a person I have looked up to ever since he became Director. I've seen nothing but good things from him. He supported the Internship Program and because of Mr. Martin and the Board, it's been very successful. I'm very proud of that program because we were able to help youths in San Francisco start a different life. I'll tell you a quick story about one of our interns. He was living in Hunter's Point with his mom, his brother and sister. After completing the Program he became a Custodian at SFO and was able to move his mom, brother and sister out of Hunter's Point. His sister went back to school, his brother joined the high school internship program, and he got his mother into a rehab program. Because he got a job as a Custodian his whole life changed. That's because of Mr. John Martin supporting our program, for making our program work, and I want to thank you, Sir. I want to thank the Commission for allowing me to work at the Airport. It's been more than honor. I will always feel part of the Airport family. As I have in the past, I will continue to go to other airports and compare other airports to SFO ... that's truly where my heart is. I've not been to an airport yet that has measured up to our Airport. We are the greatest and San Francisco is the greatest City in the world as far as I'm concerned. Thank you Sir.

Commissioner Mazzola wished Mr. Reed best wishes in his retirement.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

* * *

F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

2. <u>Two Awards of the First Year Permits for the Pop-Up Retail Concession Program in Boarding Area E of Terminal 3 - McEvoy of Marin, LLC and Collector, LLC</u>

| | |
|---|---|
| No. 13-0200<br>No. 13-0201 | Resolutions approving two awards of the first year permits for the Pop-Up Retail Concession Program in Boarding Area E of Terminal 3. |

Mr. Leo Fermin, Deputy Director, Business and Finance, said that among our Concession Program goals is to increase the number of local Bay Area retailers at SFO. Unfortunately, many small local retailers are challenged by the capital investment needed to operate at the Airport, especially when a particular retail concept is unproven. Consequently, you approved the creation of two pop-up retail spaces in Boarding Area E. These pop-up retail spaces will enable small retailers to showcase their merchandise concepts for up to a year without risk of a large capital investment. If their products prove successful with our passengers, these retailers would then have the confidence and Airport experience to bid on regular retail spaces and leases as they become available.

Staff reached out to 23 small local retailers and 12 attended a pre-proposal conference. We received eight proposals for two pop-up spaces. We recommend awarding one space to McEvoy of Marin, which will sell organic local olive oil and natural body products, and a second award to Collector, LLC who will feature art and handcrafted products made in the Bay Area.

Item No. 3 was moved by Commissioner Stern and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Award of the Airport Amenities and Business Services Lease to Airport Travel Agency, Inc.

No. 13-0202 Resolution awarding Airport Amenities and Business Services Lease to Airport Travel Agency, Inc.

Mr. Fermin said that this lease provides for a combination of passenger services, most notably a travel agency, luggage storage, baggage wrapping, showers, fax and internet, money wiring services, and postal and small package services. We bundled these services together to maximize use of limited available concession space in the Terminal areas and to avoid having a hodgepodge of miscellaneous services scattered throughout. We advertised this RFP widely and made some recommended changes such as eliminating a small business enterprise requirement, allowing firms to joint venture to meet minimum requirements for various services, and adding an additional 800 sq. ft. in Terminal 2 for baggage wrapping. Three firms attended the pre proposal conference and one proposal was received. I recommend award to Airport Travel Agency.

Mr. Linard Davis, Airport Travel Agency, thanked the Commission for awarding this lease to Airport Travel Agency and for recognizing the value of local owned small businesses. The Airport is to be commended for its commitment in promoting local small businesses and disadvantaged participants in the Airport Concession leasing program. The variety of small businesses at SFO reflect the diversity that is part of the Bay Area. We look forward to many years of serving the Airport community.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 4 through 7, was moved by Commissioner Johns and seconded by Commissioner Guggenhime.

4. Authorization to Extend the Term of the Cooperative Agreement with the Bay Area Toll Authority for Use of FasTrak® as a Payment Option for Public Parking

No. 13-0203 Resolution authorizing a six-year extension to the cooperative agreement with the Bay Area Toll Authority for the use of FasTrak as a payment option for Public Parking fees.

5. Authorization to Extend the Term of the FasTrak® License and Electronic Identification Billing Agreement with the Transportation Corridor Agencies

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|---|---|
| No. 13-0204 | Resolution authorizing a three-year extension and one three-year option period to the FasTrak License and electronic identification billing agreement with the Transportation Corridor agencies. |

6. Request for Proposals for Contract No. 9005 - As-Needed Architectural and Engineering Support Services

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|---|---|
| NO. 13-0205 | Resolution authorizing issuance of a RFP for As-Needed Architectural and Engineering Support Services and to negotiate with the highest ranked proposers. |

7. Modification No. 1 to Contract No. 8879A - Central Garage Carbon Monoxide System Replacement - LC General Engineering & Construction, Inc. - $100,000

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|---|---|
| No. 13-0206 | Resolution approving Modification No. 1 to Contract 8879A, Central Garage Carbon Monoxide Monitoring System Replacement, with LC General Engineering & Construction, Inc., in an amount not to exceed $100,000 and to extend the contract duration by 150 calendar days for a new contract completion date of February 25, 2014. |

* * *

H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

J. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item

appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:12 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES



**October 1, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
October 1, 2013

AIRPORT COMMISSION MEETING MINUTES
October 1, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of September 17, 2013 were adopted unanimously.

No. 13-0207

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D. DIRECTOR'S REPORT:

1. Performance of Airport Concession in Fiscal Year 2012/2013

Report on the Performance of Airport Concessions during Fiscal Year 2012/2013.

Mr. Leo Fermin, Deputy Director, Business and Finance said FY 2012/13 was another very busy year for our Airport Concessions program. During the year we implemented a total of 27 new locations and major substantial refurbishments as shown on Attachment C of your memorandum. I'm very pleased to report that our total Airport sales per enplanement during the year was the third highest among large hub airports at $12.21. Overall, growth sales realized by tenants increased by 4.9% and totaled $856.5 million for the year. Total Concession rent paid to the Airport increased by 4.9%. At the February 2013 Airport Revenue News Awards, an annual industry event, SFO won five awards. The Best Overall Concession program, the Best Management Team, the Best Program for a Single Terminal for Terminal 2, the Terminal with the Most Unique Services, Terminal 2, and the Best New Food and Beverage Concept for Napa Farms Market in Terminal 2. And, two weeks ago, the FAA awarded us their 2013 Disadvantaged Business Enterprise Advocate and Partner Award for promoting small and disadvantaged businesses in Concession leases, as well as construction and professional service contracts.

Currently, staff is working on the Concessions program for Boarding Area E and the relocations due to the Terminal 3 East Renovation Program. We are also

planning to revamp the International Terminal Concession Program in the next several years, and after that create the Concessions Program for the long term redevelopment of Terminal 1.

Commissioner Stern asked what we are forecasting for the next rolling 12 months on new locations.

Mr. Fermin replied that finding new locations is a challenge. We are really hard up on available terminal space, especially with the Terminal 3 East Renovation program and Terminal 3 renovation further on will take a lot of public circulation space out of service, so we don't forecast much new additional terminal space.

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E. ITEMS INITIATED BY COMMISSIONERS:
Commissioner Mazzola asked what the Government shutdown would mean to us.

Mr. John Martin, Airport Director replied that Controllers are protected so there won't be a reduction in FAA Controller staffing, TSA or Covenant staffing, or Customs and Border Protection. There may be a reduction in overtime for security screeners and Customs and Border Protection resulting in some longer lines for passengers. We may have to stop work on the Control Tower project and construction workers may be laid off as a result. We need the FAA to be signing off on progress on the Tower and if FAA administrative staff are subject to layoffs or furloughs they may not be available to sign off on progress and that may stop the project.

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F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Modification No. 9 (Final Guaranteed Maximum Price) to Contract No. 8974B - Design Build Services for the Terminal 3, Boarding Area E Improvements Project - Hensel Phelps Construction Company - $14,247,442

| | |
|---|---|
| No. 13-0208 | Resolution approving Modification No. 9 (Final Guaranteed Maximum Price) to Contract No. 8974B, Design-Build Services for the Terminal 3, Boarding Area E Improvements Project, with Hensel Phelps Construction Co. in the amount of $14,247,442, for a new total contract amount of $113,150,000. |

Mr. Geoff Neumayr said that this Modification provides for establishing the final Guaranteed Maximum Price (GMP) in the amount of $113,150,000, and modifies the Contract in the amount of $14,247,442. In accordance with the Administrative Code, the final GMP was negotiated at the conclusion of the competitive bid process for 92 ½% of the value of all the trade bid packages. The final GMP was negotiated by staff with Hensel Phelps to provide for Hensel Phelps assuming the remaining risk to complete the project. The proposed GMP provides for the

following cost components: bidding and negotiating remaining on award-based contract scopes, awarding all approved pending and approximate values for scope revisions, allowance for other anticipated scope, and a construction contingency to provide coverage for scope gaps, design errors, and emissions construction coordination and non-Airport initiated changes. The proposed final GMP incorporates all cost and schedule impacts for a second elevator tower that was added to provide redundancy to accommodate the anticipated increased ramp level activities for concessionaires, airlines, and Airport's staff. A 45 day no cost time extension is also included modification, revising the substantial completion date to December 18, 2013. This requested extension does not impact the opening date of January 28, 2014. The project forecast including the proposed final GMP is $137,773,000 which is within the approved budget. The appropriate cost contingencies are maintained within the project forecast. Staff is also recommending reducing the approved Type One contingency budget from $7,417,691 to a revised amount of $4,195,000. This contingency amount is included in the project forecast but is not included within the final GMP. This contingency will be used for Type One change orders that are not covered within a specified scope of the final GMP. At project completion, Hensel Phelps will provide a final reconciliation of costs and return any unspent amounts from underruns or un-awarded based scope, allowances, and contingencies to the Airport. Any costs in excess of this final GMP for the agreed upon scope will be the responsibility of Hensel Phelps in accordance with the terms and risk allocations of the final GMP change order. Hensel Phelps is committed to achieving 14% LBE sub-contractor participation for this contract. Hensel Phelps' cumulative LBE participation is currently targeted at 18% for this contract.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Modification No. 4 (Trade Bid Package Set 4) to Contract No. 9048A - Design-Build Services for Terminal 3 East Improvements - Hensel Phelps Construction Company - $7,497,883

No. 13-0209 — Resolution approving Modification No. 4 (Trade Bid Package Set 4) to Contract No. 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Co. in the amount of $7,497,883 for a new total contract amount of $43,011,597.

Mr. Neumayr said that this Modification adds Set 4 Trade Bid Package which includes elevators, escalators, and fire protection scopes of work in the amount of $7,497,883, for a total new contract amount of $43,011,597. In accordance with the Administrative Code, these Trade Bid Packages will be competitively bid to a minimum of three pre-qualified bidders, with the exception being the escalators. Only two manufacturers provided and installed this drop down specific escalator which is required for this project. The bids for this scope of work were 15% under the Engineer's estimate and all appeared reasonable. The escalators were 33% under the Engineer's estimate. The Engineer's estimate for the escalators was

prepared using a single bidder since at the time, when we did the estimate, there was only one known manufacturer. This Engineer's estimate was therefore conservative in anticipation of a lack of competition. We received two bids from two pre-qualified bidders which resulted in a very competitive bid. The low bidder has successfully installed these drop in escalators throughout the world and is just starting to expand into the United States market. The do have the required experience for this installation. As a result of recent updates, due to further design developments, Staff is forecasting a cost of completion of this project at $102,997,050, including appropriate cost contingencies for this stage of the project. The current cost forecast is approximately 3% over the current budget of $187,074,048. Staff is working with the Design Build team to develop cost reduction measures, including value engineering and scope reduction opportunities prior to the design development phase and will continue with the scope and budget alignment before moving into the construction document phase. Hensel Phelps is committed to achieving 22% LBE sub-contracting participation goals for design services, and 16% for LBE sub-contracting for construction services. Hensel Phelps has committed to 8% construction services sub-contracting participation within this bid package which is included in this modification and to date has committed 23% overall for this contract.

Commissioner Crayton asked if there are other companies that do this work.

Mr. Neumayr responded that for this specific type there are really only two companies in this business ... ThyssenKrupp and Montgomery Kone, so we have a very limited audience currently in the escalator market. We have a lot more people on the elevator market.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. <u>Modification No. 1 to Contract No. 9230.9 - Construction Management Support Services for Runway Safety Area - Parsons Brinckerhoff - $1,280,000</u>

No. 13-0210 Resolution approving Modification No. 1 to Contract 9230.9, Construction Management Support Services for Runway Safety Area (RSA) Program, with Parsons Brinckerhoff, for an increase in the not-to-exceed amount of $1,280,000 for a new total contract not-to-exceed amount of $3,880,000, and a six-month contract renewal to provide for services thru April 30, 2014.

Mr. Ivar Satero, Deputy Director, Airport Design and Technology, said this item requests approval to continue the services provided by Parsons Brinckerhoff (PB) in support of the Airport's RSA program. The proposed modification amount is $1.28 million for a new total contract amount of $3.88 million and provides for a six month time extension. The services to be provided under this modification are closely related and correlated with the AECOM scope of work, the difference being AECOM provides for the program level management support and the PB

folks are the field supervision and administrative contract administration staff. They work hand in hand in the delivery of the program, supporting the project management team. PB is providing a high level of oversight to the project, a high level of quality of services, both in terms of the expertise of their key people as well as in terms of prior experience on FAA AIP funded programs. This modification will provide for the continuation of services by PB while we reassess the program in terms of the necessary support to get through the second phase of the program. There are several issues that are increasing the budget requirement for this, in particular Phase II 24/7 operation and construction because of the closure of the runway. It will be about four-months of continuous around the clock supervision required of PB. Also, we had originally anticipated supplementing the program administration support with in-house staff but due to other project burdens, we have asked PB to help supplement staff in administering the contract and also for field inspection. The third part is related to the higher level of documentation that the FAA requires as part of the RSA program. So, we brought this on through PB, to support the program needs. We will return within to the Commission within the next six months with this reassessment and our forecast to complete these services as well as provide you with an updated forecast on the total program. We're confident that the total program forecast will still be within the $214 million total program budget. PB is currently achieving almost 26% LBE participation. Because of the Federal funding component of the contract, we had requested good faith effort of 10%

Commissioner Crayton asked about the minority participation on this contract.

Mr. Satero responded that it's supported by San Francisco LBE firms. CPM Services is one of the firms and they qualify under the HRC program. I know we have people of color on the program and we have women supporting the program. I don't know CPM's component of that, but we'll be glad to follow up.

Commissioner Johns asked when the Runway Safety Project is scheduled for completion. Are we on time?

Mr. Satero replied the schedule is December 2014. We are one year ahead of the Federal mandate for completion. We're doing very well. Phase One completed right on schedule so Phase Two is also starting on schedule.

Commissioner Johns asked if there any elements of this program that might affect on time performance of flights in and out of SFO?

Mr. Satero said that we have a solicitation out on the street now for the Phase Two construction. It's a single construction contract so it's a risky contract. It's about a $65 Million project. This contract will close the runways. Our scheduling experts say we can get it done within four months.

Commissioner Johns asked Mr. Satero to be a little more specific. Will it be a certain time of night when we have no flight activity?

Mr. Satero said it means that the 1/19s are closed.

Commissioner Johns asked what are 1/19s?

Mr. Satero replied those are our east/west runways, and then we have the north/south runways. The runways that are open are our primary landing runways. Ninety percent of our traffic comes in on the 10/28s, and since the closure is to the 1/19s it does affect our departures. The departures will have to go over to the 10/28s. The issue will arise on arrivals.

Commissioner Johns said I assume we are already working with the airlines and planning for this.

Mr. Satero replied that we have everyones buy in ... the FAA, the airlines, the Tower. We have a plan that we feel will have the least impact overall. Instead of spreading it over a longer period, or pushing it off, or extending the construction duration, this will have the lowest impact.

Mr. Martin said we expect we will have arrival delays at about the same level, but more departure delays, longer departure delays. It will be about the same in good or bad weather so it's predictable. We're going to the airlines and sharing our very precise modeling information and asking them to consider planning for longer ground times or adjusting their flight schedules knowing there's certain peak periods where they are going to face departure delays.

Mr. Satero said that in the construction contract we're going to offer an incentive for early contract completion to try to minimize the overall impact.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

5. <u>Award of Contract No. 9134 - Enterprise Strategic Information Security Program Coalfire Systems, Inc. - $350,000</u>

No. 13-0211 Resolution awarding Professional Services Contract 9134, Enterprise Strategic Information Security Program, to Coalfire Systems, Inc., to create and implement a cyber-security program, with a contract term of 5 years and for a not-to-exceed amount of $350,000.

Mr. Satero said that this award will support the implementation of a cyber-security program. We have successfully negotiated the scope of work, billing rates, and fees for Phases 1 and 2 of the program in the not-to-exceed amount of $350,000. Contract duration is 5 years with two one-year options exercisable at the sole discretion of the Commission. We're proposing to proceed with the initial phases, Phases 1 and 2, which essentially define the program requirements. The heavy lifting happens under Phases 3 and 4. Phase 1 is about critical systems ... the critical Industrial Control Systems (ICS), and the Critical Information and Communication Technology networks (ICT) systems to develop a scope of work for remediation. Then any required remediation services will be performed by in-

house staff or through a separate RFP process. At the conclusion of these initial phases, we'll return to the Commission with a recommendation to award Phases 3 and 4. The scope of work for Phases 3 and 4 will be driven by the work products developed or the studies and analysis done under Phases 1 and 2. We, with the City's Contract Monitoring Division, have approved a waiver for LBE sub-contracting goals because of the specialized nature of these services.

Commissioner Stern asked when the last assessment on cyber-security was done at the Airport.

Mr. Satero replied about two years ago.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 6 through 8, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Modification No. 6 (Trade Bid Package Set F) to Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 - McCarthy Building Companies - $1,559,391

| | |
|---|---|
| No. 13-0212 | Resolution approving Modification No. 6, adding Trade Bid Package Set F, to Contract No. 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1, with McCarthy Building Companies in an amount of $1,559,391, for a new total contract amount of $22,962,828. |

7. Award Contract 9357 - Lenel OnGuard Access Control System Maintenance and Integration Services - G4S Technology, LLC - $750,000

| | |
|---|---|
| No. 13-0213 | Resolution awarding Contract 9357, Lenel OnGuard Access Control System Maintenance and Integration Services, to G4S Technology, LLC in an amount not to exceed $750,000 for a period of three years, effective October 1, 2013, with one 2-year option exercisable at the sole discretion of the Commission. |

8. Bid Call - Contract 9111A - Ground Transportation and Taxi Management System Infrastructure

| | |
|---|---|
| No. 13-0214 | Resolution approving the scope, budget, and schedule for Contract 9111A, Ground Transportation and Taxi Management System Infrastructure, and authorizing the Director to call for bids when ready. |

Commissioner Johns thought we had talked about this before. We talked about making sure it was integrated with our other systems. Are they designing this just for the Airport, or is it ready made software?

Mr. Satero replied that this is the infrastructure piece ... all of the conduiting of power. I'm going to need a little help from my counterpart, Jeff.

Commissioner Johns said that what you're telling me is this is the infrastructure part ... it's not what's actually going to happen and how it's going to work.

Mr. Martin said it's not the computer based system that does the tracking. That's a different contract.

Commissioner Mazzola asked if this is strictly the tracking system.

Mr. Martin replied that it's the infrastructure related to the tracking system.

Commissioner Johns added if this is the electrical ... the conduit.

Commissioner Crayton said it goes into the infrastructure?

Commissioner Johns assumed that this would be done no matter what kind of system we had, is that correct? In other words you're putting in what's required ... the foundation, but it's not the system itself?

Mr. Martin replied that it's not the system itself, that's right.

Commissioner Johns asked where we are with the system itself.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said it will probably be 18 months.

Commissioner Johns said that we have already bid it and approved it, and they are now designing that system for us. Is that correct?

Mr. Littlefield replied yes.. TransCore was awarded the contract.

Commissioner Johns ... and they have dictated what kind of infrastructure is needed to there is no problem?

Mr. Martin replied yes.

* * *

H. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

I. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

J. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1 and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

* * *

K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:29 AM.

Jean Caramatti
Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION




# MINUTES

**October 22, 2013**
**Special Meeting**
**9:00 A.M.**



**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
October 22, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
October 22, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

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C. ADOPTION OF MINUTES:
The minutes of the regular meeting of October 1, 2013 were adopted unanimously.

No. 13-0215

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D. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Award of Contract No. 9313 - Escalator and Electric Walk Maintenance Contract - Thyssenkrupp Elevator Corporation - $17,000,000

No. 13-0216 Resolution awarding Contract No. 9313, Escalator and Electric Walk Maintenance Contract to ThyssenKrupp Elevator Corporation in an amount not to exceed $17,000,000 for a period of five years.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Award of Contract No. 9312 - Elevator Maintenance Contract - ThyssenKrupp Elevator Corporation - $11,000,000

No. 13-0217 Resolution awarding Contract 9312, Elevator Maintenance for approximately 170 Airport elevators to ThyssenKrupp Elevator Corporation in an amount not to exceed $11,000,000 for a period of five years.

Mr. Peter Acton, Deputy Director, Facilities said we successfully completed the RFP processes for elevator, escalator and moving walk maintenance and repair contracts. The first contract is for maintenance, repair, testing, and on-call emergency services for 170 elevators. It's a five year, $11 million contract.

The second contract is for maintenance, repair, testing and on-call emergency services for 133 escalators and 43 electric walks, a $17 million, five year contract. Three firms submitted proposals on each contract and ThyssenKrupp Elevator Corporation was the highest ranked proposer on both contracts. They have been maintaining all of this equipment for the past five years and the Airport is very satisfied with their performance.

Commissioner Stern asked if the amounts are reasonable.

Mr. Acton responded that we actually did this about five years ago when it was labor and materials and we found that we were saving about $3 million per year by doing labor only. So, yes, this is within what we expected.

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Modification No. 5 (Change Order Nos. 5 and 6) to Contract 9048A - Design-Build Services for Terminal 3 East Improvements - Hensel Phelps Construction Co. - $4,056,156

No. 13-0218 Resolution approving Modification No. 5 (Change Order Nos. 5 and 6) to Contract 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Co. in an amount of $4,056,156 for a new total contract amount of $47,067,753.

Mr. Geoff Neumayr, Design, Construction and Technology said this modification approves Change Order Nos. 5 and 6 for the Terminal 3 East Checkpoint project. The Checkpoint project is part of the T3 program which also includes the Boarding Area E project scheduled to open in January. The Checkpoint project renovates the eastern portion of Terminal 3 and includes relocating ticket counters, expanding the terminal building, and developing a centralized checkpoint. The new ticket counters will open concurrently with the Boarding Area E project with the balance of the T3 East project scheduled to be completed in July 2015. The Change Order is in the amount of $4,046,156, for a new total contract amount of $47,067,763. Change Order #5 for $3.4 million provides for additional services requested by the Airport after award of the design build contract. The additional design services were added as a result of project programming and design

services included in T3 visioning studies, concession studies and programming and design services to coordinate airline requirements. Change Order #6 in the amount of $611,953 is for additional construction services for scopes of work not included in previous trade bid packages. The scopes of work not identified at bid include removal of a vehicle service road soffit to install fiber back bone, an unforeseen condition requiring complete removal of the soffit not originally anticipated, and site investigation for construction planning to help development of the project program and design. Staff forecasts a cost of completion of $191 million, including appropriate cost contingencies for this stage of the project. The current cost forecasts approximately 2% over the budget of $187 million. Staff continues to work with the design build team to develop cost reduction measures, including value engineering and scope reduction prior to the development phase which will continue with scope and budget alignment before moving to construction document phase. The City's Contract Monitoring Division approved a 22% subcontracting goal for design services and a 16% LBE subcontracting goal for construction services. Hensel Phelps has committed to meeting both goals.

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F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar was moved by Commissioner John and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Bid Call - Contract 8671C - Runways 1-19s Runway Safety Area Improvements

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|---|---|
| No. 13-0219 | Resolution approving the scope, budget, and schedule for Contract No. 8671C, Runways 1-19s Runway Safety Area Improvements, and authorizing the Director to call for bids when ready. |

5. Request for Proposals for Contract 1003.41 - Temporary Boarding Area B and Security Screening Checkpoint Project Management Support Services

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|---|---|
| No. 13-0220 | Resolution authorizing the Director to issue a Request for Proposals for Contract 1003.41, Temporary Boarding Area B and Security Screening Checkpoint Project Management Support Services, in support of the Terminal 1 Redevelopment Program. |

6. Bid Call - Contract No. 9159 - International Terminal Carpet Replacement

| | |
|---|---|
| No. 13-0221 | Resolution approving the scope, budget, and schedule for Contract No. 9159, International Terminal Carpet Replacement, and authorizing the Director to call for bids when ready. |

Commissioner Johns understood that the carpet will be consistent with other terminals, but each terminal has a slightly different color scheme. She recalled issues with carpeting in one terminal and asked how that will be coordinated.

Mr. Ivar Satero, Deputy Director, Design, Construction and Technology said that we do it through the Design Review Committee. We take the patterns that were established in Terminal 2 and we play with the size and layout of the squares.

Commissioner Johns said her concern was with color and how it's coordinated.

Mr. Satero replied through the Design Review Committee.

Commissioner Johns said that the indication is that we're going to have carpeting that's the same in Terminals 1, 2, 3 and International. You won't need much storage in case things need to be repaired. The question is since the color scheme in each terminal is different, how can we do that and have it look good?

Mr. Satero said let me get back to you with an appropriate answer.

Commissioner Johns said its not making sense to me, and I think it makes a big difference as to what color it is.

Mr. Satero said that we did the Terminal 2 deployment with that carpet. We've redone Terminal 3 with that same Terminal 2 carpet.

Commissioner Johns asked same color, same design?

Mr. Satero replied different design, different size pieces but, the same coloring of the carpet and its worked very well in Terminal 3, but I understand your question.

Commissioner Johns said but its not exactly the same. This thing about storage doesn't make sense, so just get back to me.

7. Modification No. 1 to Contract 8840 - Acoustical Engineering Services - BridgeNet International - $100,000

No. 13-0222 Resolution approving Modification No. 1 to Contract 8840, Acoustical Engineering Services, with BridgeNet International, to increase the contract amount by $100,000 for a new total contract amount not-to-exceed $600,000 and extend the contract term to December 31, 2014 through exercise of the first of three, one-year contract renewal options.

8. Request for Proposals Process for Boarding Area C Coffee Shop Lease

No. 13-0223 Resolution approving proposed minimum qualification requirements, lease specifications, and authorizing

Staff to issue a RFP and conduct an informational conference for Boarding Area C Coffee Shop Lease.

9. Exercise the Second and Final One-Year Option under RDG Concessions, LLC's Boarding Area "F" Hub Specialty Store Lease "B" No. 07-0066

No. 13-0224 Resolution exercising the second and final one-year option under RDG Concessions, LLC's Boarding Area F Hub Special Store Lease B No. 07-0066 for an option term of Jan. 18, 2014 through Jan. 17, 2015.

10. Exercise the First of Two One-Year Options under Smarte Carte, Inc.'s Rapid Charging Stations Lease No. 11-0027

No. 13-0225 Resolution approving the exercise of the first of two, one-year options, under Smarte Carte, Inc.'s Rapid Charging Stations Lease No. 11-0027, for an option term of May 1, 2014 through April 30, 2015.

11. Approve Use of a Portion of the Airport Data Center by the City's Department of Technology under a Memorandum of Understanding with an Annual Lease Payment of $766,394 for a Ten-Year Term

No. 13-0226 Resolution approving a Memorandum of Understanding for the use of Airport Data Center space with the Department of Technology.

Commissioner Johns asked about the Memorandum of Understanding on the City's share of our I.T. facilities.

Ms. Denise Martinez, Finance, that we knew that the City was looking at building a consolidated center and we took into account the Airport's needs as well as the City's, with a full understanding that we can't build something for another City department as that would be considered revenue diversion by the FAA. We made sure that the City understood what they would have to pay for their share of the facility ... the final amounts determined after the facility was built through a fair market appraisal plus the cost of debt service, plus the cost of any on-going expenses for the Airport in terms of maintenance of the actual facility. We came to agreement with the Department of Technology and they're very excited. They are taking 2/3 of the facility to consolidate their various locations into one place.

Commissioner Johns said okay great and asked when will this take place?

Ms. Martinez responded that the MOU will start in November and they will move their equipment at that time.

12. Ratification of the Settlement of Unlitigated Claims of $10,000 or Less and Litigated Claims of $25,000 or Less During Fiscal Year 2012-2013

| | |
|---|---|
| No. 13-0227 | Resolution ratifying the Settlement of Unlitigated Claims of $22,312 and Litigated Claims of $12,170 for FY 2012-2013. Total Claims: $34,482 |

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G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

* * *

H. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

I. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at .

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**November 12, 2013**
**Special Meeting**
**9:00 A.M.**

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**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
November 12, 2013

AIRPORT COMMISSION SPECIAL MEETING MINUTES
November 12, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Richard J. Guggenhime
Hon. Peter A. Stern

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C. ADOPTION OF MINUTES:
The minutes of the special meeting of October 22, 2013 were adopted unanimously.

No. 13-0228

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D. ITEMS INITIATED BY COMMISSIONERS:
Commissioner Guggenhime wished Peter Stern a happy birthday today.

* * *

E. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Modification No. 11 (Adding Trade Bid Package Set No. 6) to Contract No. 9015A - Design-Build Services for Replacement Airport Traffic Control Tower and Integrated Facilities - Hensel Phelps Construction Company - $35,312,988

No. 13-0229 Resolution approving Modification No. 11, adding Trade Bid Package Set No. 6, to Contract 9015A, Replacement Airport Traffic Control Tower and Integrated Facilities, with Hensel Phelps Construction Co., in an amount of $35,312,988 for a new contract amount of $99,528,214.

Mr. Ivaro Satero, Deputy Director, Design, Construction and Technology said this Item requests authorization to add Trade Bid Packages (TBP) 9, 10, 11 to Contract 9015A in the amount of $35,312,000 for a new total contract amount of $99.5 million. In accordance with the Administrative Code, these TBPs were bid to a minimum of three pre-qualified bidders. It is worth noting that because of

improving economic conditions we received only two bids on a couple of the TBPs, and in general we're seeing upward pressure on bids coming in. We expect that over the next year we'll continue to see this and we will be reducing the amount that we take a credit for in our estimates. We continue to get one low bid, but the median bid is getting higher. However, the likelihood of getting at least one low bid is diminishing, which will cause the projects to reduce the estimated savings applied to each estimate as a result of a multiple bidding environment, which will cause project estimates to trend higher over the next year or so. As noted in the previous award, we are still concerned about the cost forecast at completion on this contract. We had previously forecast an overrun of the Airport's share of about $10.7 million. We had resolved this, through both cost reduction measures and additional funding. As you recall, there was significant additional scope related to the Delta Club improvements and we did have funding in the capital plan and have made that budget transfer to cover that scope. We still have an FAA overrun of about $10.6 million. Within the $10.6 million is about $3 million in contingency as well as about $1.2 million in that amount that isn't appropriate for the Airport to cover related to the cost of the exterior skin systems, so we are working with the FAA on accessing their contingency. They have a contingency within the overall OTA to cover the change conditions that we've had on this contract ... mainly relating to changed FAA requirements for seismic conditions as well as the electrical and mechanical systems. So we'll be working with the FAA to access their contingency to cover that overrun. We will continue to update you with our success in mitigating these cost overruns and future awards. We continue to maintain the appropriate contingencies in the overall forecast. Given the federal funding component, Hensel Phelps has been encouraged to make best faith efforts on small local business participation to achieve 10% and they are committed to achieving this 10% participation.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Modification No. 6 (Trade Bid Package Set 5) to Contract 9048A - Design-Build Services for Terminal 3 East Improvements - Hensel Phelps Construction Co. - $2,725,804

No. 13-0230 Resolution approving Modification No. 6 (Trade Bid Package Set 5) to Contract No. 9048A, Design-Build Services for Terminal 3 East Improvements, with Hensel Phelps Construction Co. in an amount of $2,725,804 for a new total contract amount of $49,793,557.

Mr. Satero said that this provides for the scope of work related to pre-security restrooms in Terminal 3. We think its important that these restrooms be complete and accessible at the opening of Boarding Area E towards the end of January 2014. The scope of work is the architectural as well as the mechanical to these T3 pre-security /electrical/plumbing scopes. As with the previous package, these Trade Bid Packages (TBP) were competitively bid to a minimum of three pre-qualified bidders as well as directly negotiated, so we did use a portion of the 7

½% allowance from direct negotiated scope in order to achieve the aggressive schedule that we're trying to achieve. As shown in Attachment B in the aggregate, the bids are within about 5% of the Engineer's estimate. We are forecasting a cost of completion of $189.4 million on the overall contract. This is about $2.4 million over the budget of $187 million. When we last presented an award to the Commission, we were at about $3.8 million over budget at that time. We have been successful in bringing it down about $1.4 million between cost reduction measures and some favorable negotiations. We are going to continue to work to bring the project down within budget, and given the stage of the project, there's a lot of opportunity yet to reduce cost. The substantial completion remains unchanged to July 15, 2015. Hensel Phelps is achieving 21% LBE subcontractor participation in comparison to the goal of 16% on construction services.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Modification No. 3 to and Assignment of Contract No. 9048.9 - Construction Management Services for Terminal 3 Improvement Projects From URS/ECS, a Joint Venture to T3 East , a Joint Venture - $2,300,000

No. 13-0231 — Resolution approving assignment of Professional Services Agreement, Contract 9048.9, CM Services for Terminal 3 Improvement Projects, from URS/ECS, a J.V., to T3 East, a J.V., and authorizing Modification No. 3 in an amount not to exceed $2,300,000 for a new contract amount not to exceed $7,884,000, and a contract time extension to Nov. 11, 2014.

Mr. Satero said we are recommending approval of the assignment of this Contract to T3 East, J.V., comprised of CPM Services and ECS, one of the current joint venture partners. We're also recommending approval of the modification amount for services through November 2014. This past July the Commission approved a six month time extension for $1.2 million to allow time for new staff of the URS/ ECS team to become part of the project team and align themselves with the expectations of the project which was greatly expanded from its original scope. Although the six month term is not up yet, both URS and the Airport believe it is appropriate, given how quickly the January 28th date is approaching us, that we reassess the alignment of the CM team with the requirements of the project and we jointly determined that it is in the best interest of the Airport and the project to assign the duties and responsibilities of this joint venture to the T3 East joint venture. CPM services is currently a sub consultant of this team. They have a 20 year long history of providing excellent CM services to SFO. They worked on the International Terminal, some AirTrain projects, and baggage handling projects and they have provided a high level of service to us. We are happy that they are able to step up and become part of this joint venture and bring appropriate staffing to the team. This does not impact any of the existing sub-consultant staff. The assignment will be effective following the fulfillment of the business tax requirements as well as insurance requirements of the newly formed joint venture

and they will be obligated as the URS/ECS team was obligated to fulfill the requirements of the CM contract. We have negotiated the scope, staffing and fee for this one year renewal in an amount not to exceed $2.3 million. The team will continue to be a blend of consultant and Airport staff. The City's Contract Monitoring Division approved an LBE sub-contractor participation goal of 18% and this new joint venture is committed to meeting the goal.

Commissioner Crayton asked about the principals for URS and ECS and why it was necessary for us to get a exemption for the LBE participation?

Mr. Satero said the principal for URS is John Amdur. Andrew Petreas is the principal for ECS, and Ismael Pugeda and Jeff Cooper are the principals with CPM. I believe that Andrew Petreas' wife owns ECS, but I don't know her name, Commissioner. They've been involved in this discussion and this realignment.

Commissioner Crayton asked why we got an exemption on the LBE component.

Mr. Satero said that there is no change in the LBE sub-consultant participation. CPM was formerly an LBE but they outgrew the program. URS was not the LBE component, so it's still a small business joint venture with the new configuration.

Mr. John Martin, Airport Director said that we are meeting the City LBE requirement. You didn't request an exemption for us, just a continuation.

Mr. Satero said that we have not requested an exemption.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. Award Airport Management Consulting Contract 9417 - Bond Feasibility Services, Air Traffic Analysis, and Financial and Capital Planning and Analysis - LeighFisher, Inc. - $2,950,000

No. 13-0232 — Resolution awarding Contract 9417 in an amount not to exceed $2,950,000 for a term of five years to LeighFisher, Inc. to provide: 1) Required third-party feasibility reports for bond financings; 2) Air traffic analysis and forecasts to support financial planning; 3) Development of indirect cost allocation plans that meet federal cost allocation requirements; 4) General Ad-Hoc Federal cost allocation requirements, and 4) General Ad-Hoc Airport Management Consulting services.

Mr. Leo Fermin, Deputy Director, Business and Finance said that after an extensive RFP process was conducted, you approved pools of management consultants in May. With your approval, the item before you will be the 5th contract awarded to firms in the pools. The contracts awarded to the other firms were for work on a capital planning system, cost allocation for grants, capital

project reviews, applications for our passenger facility charges, rates & charges and economic impact studies. We are now budgeting an average of $590,000 annually, of which we think about half will be for work needed in conjunction with bond sales for projects on the capital plan. For each bond sale, we are required to have a third party prepare a feasibility report and air traffic analysis.

Item No. 5 was moved by Commissioner Johns and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Amendment No. 1 to The M-Line Marketing Services Contract 9076 - Increase Amount by $920,000 for a New Total Contract Amount of $7.92 Million and to Make Administrative Updates to the Agreement

No. 13-0233 — Resolution approving the First Amendment to the M-Line Marketing Services Contract 9076 to increase the amount by $920,000 for a new not-to-exceed total of $7.92 million, and to make administrative amendments to update Appendix A.1 "Services to be provided by Contractor", Appendix B.1 "Fee schedule and calculation of charges" and City and County of San Francisco requirements.

Ms. Sara Magoffin, Marketing Manager said we are seeking approval to amend our Marketing Services Contract with the M-Line. The current M-Line scope of work includes the management of promotional activities to support the Airport whether they be marketing campaigns or major events such as the opening of a new terminal facility. We have on the horizon a major opening planned for Terminal 3, Boarding Area E in January 2014. This opening presents an outstanding opportunity to market and showcase our Airport to the aviation industry, to passengers and to the Bay Area public. The event will include a community open house to invite the public to see the new Airport structures.

To facilitate this event, we are seeking to increase the M-Line contract by $920,000. This increase has two components, a $270,000 increase from the Airport's budget for promotional activities to market and showcase the Airport's capital improvement plan projects. This includes funds for the Terminal 3 Boarding Area E opening events, as well as the initial planning of the Airport Traffic Control Tower opening events in 2015. The second component is a $650,000 increase funded by private donations in support of Terminal 3 events. The amendment would increase the M-Line contract by $920,000 for a new total not-to-exceed amount of $7.92 million. The amendment also includes administrative updates to the agreement. Please note that we plan to return to the Commission in 2014 to seek approval to exercise Option No. 1 to extend the contract to November 30, 2016.

As further background to this Item, in July of this year the Commission adopted a resolution recommending that the Board of Supervisors adopt an ordinance establishing a special fund to receive donations to offset the cost related to the opening of SFO's capital improvement plan projects and authorizing the Airport to

make expenditures from the fund for that purpose. The ordinance is scheduled for its final reading at the Board on November 19th and we don't anticipate any issues. This amendment will allow the donations from the fund's Boarding Area E account to be expended through the M-Line contract. The event is being managed by Winslow and Associates, an LBE firm in San Francisco. There is a companion to this item included in today's consent calendar ... Item No. 13. In October, the Board of Supervisors Finance Committee amended our request to state that the Board must approve all donations of $100,000 or greater. Your approval of this consent item would direct the Airport to seek approval from the Board of Supervisors for the receipt of $100,000 or greater pledges from United Airlines, Hensel Phelps and Boeing. We ask your approval of this amendment to the M-Line contract in the amount of $920,000.

Commissioner Johns said that I generally understand M-Line's role and I think I understand Winslow & Associates' role. I'm just curious when we do these events, is there not an opportunity to go out with an RFP for caterers and other event planners. That's the part of the structure I don't understand. It always seems to me that we're using the same people.

Ms. Magoffin replied Winslow & Associates is the LBE subcontractor on the M-Line contract for event planning. She will do an RFP for some of the elements, such as catering. We can discuss this going forward.

Commissioner Johns said that it's now November ... has an RFP gone out?

Ms. Magoffin said it will go out for catering through Winslow and Associates once we have the full scope determined for the catering portion.

Commissioner Johns asked if catering is the only piece that goes out in an RFP. Ms. Magoffin replied I don't know, but I will find out.

Mr. Martin said we will provide a follow-up and we'll cc you on the process we'll be following.

Ms. Magoffin said we've discussed going out for an RFP with her for some of the elements and we'll follow up with you.

Commissioner Johns commented it seems a a little late since the event is in January and schedules fill up quickly. The actual logistics and what happens that night ... Winslow and Associates does that ... the traffic flow, who gets there, all of that?

Commissioner Crayton said I know you're filling in for Kandace so I won't attack you, but I'm irate because we've been using M-Line Marketing for a long time. The fact that you would request another $920,000 without even trying to find out what the fee was going to be for catering is very troubling to me. I know it's a woman-owned business, but I think we need to try to get more minorities involved. It seems like the same people get these contracts time and time again. It's troubling to me. I'd like to have a meeting with you and whoever else is in charge so we can talk about this. If I have the wrong understanding then I want to be

corrected. You know I love the Airport and they've been doing a fabulous job, but this is an area where we can get involvement from community folks so that they know we are really trying to work with people who don't really have the ability to get on some of these other contracts.

Mr. Martin asked Commissioner Crayton if she was specifically focused on the catering or the marketing?

Commissioner Crayton replied no, the M-Line. You also said that you were going to return to the Commission in 2014 for additional funding.

Ms. Magoffin said no ... to extend that the contract.

Mr. Martin said we'll follow up with the Commission.

Commissioner Guggenhime asked if we expect to raise the $270,000 plus $650,000 ... and why?

Ms. Magoffin said the $270,000 is an addition that we have in the operating budget to support the capital plan improvements for Marketing Services. The $650,000 is private donations to offset the cost of the event.

Commissioner Guggenhime said that if I thought I could raise $650,000, why would I adjust the contract?

Mr. Martin replied the money is not going directly to M-Line. The money is going to our account.

Commissioner Guggenhime asked if there is an increase in cost of $900,000 above what we had before.

Ms. Magoffin replied no, the $650,000 is the private donations that we're expecting for the event which are going to the M-Line contract.

Commissioner Guggenhime said right, but what I'm saying is if you have a contract to do something and expect to raise xxx dollars to do it, why do I need to raise the price of the contract. The contract will stay the same and the extra money would come in and reduce the contract. That's what I'm saying. That makes sense.

Commissioner Johns asked why are we raising $920,000?

Commissioner Guggenhime said I can understand the $270,000 but I can't understand the $650,000. Am I missing something, John?

Mr. Martin said we hadn't budgeted for this full scale opening event. We had not planned in the contract for a large event. We need appropriations to accept and to spend dollars.

Commissioner Guggenhime said that you're saying that the total cost of doing the

event has gone up to $270,000 plus $650,000, correct.

Mr. Martin said that we decided to go with a full scale event somewhere in the Terminal 2 range and that's what makes the cost high.

Commissioner Crayton thought that people might be concerned about the Airport asking for donations when we have a budget. What's the event date?

Ms. Magoffin replied the dates of the events are January 24th for dinner and January 25th for a community day. There are pledges from our partners to offset the cost of the events.

Mr. Martin said that we raised a $1,000,000 for the International Terminal, and for Terminal 2 we had major partner shares to help defray the cost.

Commissioner Crayton assumed that it was basically our contractors, the people that do business at the Airport.

Mr. Martin said particularly contractors who are doing work on this project.

Commissioner Crayton asked if we were asking them for the additional funding.

Mr. Martin replied yes.

Commissioner Mazzola did not recall that the Terminal 2 donations went to the Board of Supervisors.

Ms. Magoffin explained that this is a new inclusion this summer. I believe it started with the City Hall Preservation Fund. It's a new inclusion that the Board of Supervisors added to special event funds for donations of $100,00 or more.

Ms. Cathy Widener, Government Affairs said this is new. The Budget Analyst recommended this new approach to the Board in approving donations in excess of $100,000 based on issues they had with the Laguna Honda promotional fund. Since that time they included that approval language in the creation of the City Hall promotional event fund and it's consistent with how departments go to the Board to accept and expend grant money. That's how they came to the $100,000 amount. It will now be standard in the establishment of promotional event funds.

Commissioner Johns asked if it's $100,000 from an individual contributor, and not in the aggregate.

Ms. Widener replied it's per company.

Commissioner Mazzola asked if someone wants to name a section of the Airport "Larry Mazzola" and donate $500,000, does it go through the Board?

Ms. Widener said that would be a little different than this because that would be a gift. And yes, we would need Board approval.

Commissioner Mazzola said it doesn't fall over to the naming issue.

Ms. Widener replied no, it shouldn't affect that.

Commissioner Crayton repeated that anyone giving $100,000 or more goes to the Board of Supervisors, correct?

Ms. Widener replied we will bring them to the Board in a Resolution and it will look almost identical to any accept and expend for grant funds. It will list the company, the amount, and it will give us the authority to accept and expend the funds to pay for the event.

Commissioner Crayton said that in essence these are people who are doing business with the Airport and we are reporting it to the Board. It almost looks like okay I gave a $100,000 so I am sure to get the contract ... that's the perception?

Ms. Widener said to be honest, I believe that's part of the intention of asking us to go to the Board because they want transparency in knowing who is giving to a project. In this case, we don't anticipate any problem because it's United and it would be United's terminal, so it makes sense. There's a clear line why they would want to be involved in the promotional events.

Mr. Martin said they will invite their major clients ... they will have 75 seats.

Ms. Widener said I don't anticipate that we'll be in a situation where the Board will ever say, no you can't accept that money. They just want the public process so that it's very clear who's donating to what events.

Commissioner Mazzola asked if it comes to the Commission first and then goes to the Board.

Ms. Widener replied yes, it will come to you first.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. <u>Proposal to Establish the SFO eStore as a Pilot Project</u>

No. 13-0234 — Resolution requesting approval of the proposed two-year Pilot of the SFO eStore to evaluate the sales and purchasing of SFO branded items.

Ms. Theresa Lee, Deputy Director, Administration, said as part of the Airport's Reaching for Number One Strategic Plan Development a couple of years ago, employees recommended implementing an Airport Concession store where both employees and the public could purchase SFO branded products. The recommendation was assessed and the conclusion at that time was that the idea was not feasible due to the nature of the products. Management has since continued to receive comments from employees about purchasing branded

products. Additionally, we found that employees were personally purchasing apparel and other products and not following SFO brand guidelines such as color and placement. We took this opportunity to develop a venue where we could address employee needs for branded merchandise as well as control of the use of the logo, such as placement and color. The Pilot eStore will be an electronic web base store accessible to the employee through SFO Connect, which is an Airport intranet that redirects the employee to a vendor's web page customized for SFO that will provide particular branded products. We hope to gain better knowledge of customer needs and usage through this two year pilot.

Commissioner Johns said I'm curious who's going to design the products, how are you going to decide what products will be offered, and where's the money going to go? Is it going to be shared with the manufacturer and is this going to be a new position for some employee to oversee it?

Ms. Lee said that we vetted some of the products through M-Line in terms of color and quality of materials. There's an eStore Committee comprised of employees representing various divisions and they have input regarding the types of products they think employees would like. At this point we don't intend to hire anyone for this project; we think it can be assumed within someone's section duties. Regarding who would provide the eStore, we looked at various vendors such as Land's End or Creative Marketing Services. We are in talks with Creative Marketing Services, an online retailer with access to a variety of manufacturers. We feel this particular vendor would suit our needs based on the committee's recommendation. It's a locally based, locally approved SF vendor. It's just like shopping on-line. There are no cash transactions between the Airport and the employee. It's all voluntary for employees and the transaction is with the retailer.

Commissioner Johns asked if the Airport would neither lose nor make money. It's a service you're providing to purchase ball caps, t-shirts, mugs or whatever.

Ms. Lee said that depending on the vendors we're looking at minimal sales of $10,000 or $15,000. One of the vendors we are in discussions with would require a minimum setup but we would be looking at that very conservatively. Should there be any surplus materials that employees choose not to purchase, we would then purchase for internal promotional needs so there isn't any waste. Again, we would do it conservatively and it would be under $15,000.

Commissioner Stern said it sounds like the vendor is going to provide all of the technology and infrastructure that goes along with the program as well. Any other considerations moving from our intranet out to their portal.

Ms. Lee said once the pilot is over, part of our review would be whether this would be feasible for outside the Commission/Airport family.

Commissioner Mazzola asked why we were doing this.

Ms. Lee said for quite a few years employees have approached management asking how they could purchase apparel with the SFO logo on it because we do have it for promotional use.

Commissioner Mazzola asked if it's strictly items with the SFO logo.

Ms. Lee replied yes, and is for personal use.

Commissioner Johns assumed that it's not part of any uniform worn by Airport employees.

Ms. Lee said that part of this is to assess how we can control the use of our logo on Airport employee uniforms, such as Custodians. Some uniforms have the logo inappropriately placed and that will be part of the assessment.

Commissioner Crayton assumed that there is no process in place for uniforms, etc. And we've never thought about that?

Ms. Lee said there is a policy, it's just not been enforced so we see this as an opportunity to reinforce it and get the message out.

Commissioner Crayton asked if this was initially part of the M-Line contract.

Ms. Lee replied that she did not know.

Mr. Martin said they were involved in designing new uniforms for our volunteers in the Information Booths.

Commissioner Guggenhime said this is for personal use if an employee wants an SFO branded item.

Commissioner Crayton asked if going to the M-Line for suggestions was part of this. Are we paying them for that time? Is that an additional expense? Who is on this committee?

Ms. Lee replied they're employees ... Lily Lee is an Administrative Assistant and the Committee Lead, Sara Magoffin is the Marketing Manager, and we have people represented from Business and Finance, Communications, Operations, Facilities, Accounting. It's a diverse representation of interested folks who would be involved in someway in the development of the eStore.

Commissioner Crayton said that we are talking about design and a lot of these people don't have that kind of experience. Does the Committee need to be expanded? Since we're paying M-Line so much money, someone has to make certain that the logo is appropriate. We don't want people paying someone to put a logo on something and pretending that they are working for the Airport. This is a wonderful idea and I wish we had done it before. Employees working and representing the Airport need to have appropriate clothing so passengers know they can ask them a question. What's the cost associated with this?

Ms. Lee replied that's still being assessed. Again, we don't see expenditures of more than $15,000.

Commissioner Crayton asked if we anticipated have them ready by the January

28th opening.

Ms. Lee replied that we are targeting the holidays.

Commissioner Johns understood that these items were intended to be for personal use only; this was not an issue about uniforms.

Mr. Martin added that this is mostly about employees taking pride in the Airport and they want to have the logo on their t-shirts, or shirts or whatever.

Commissioner Crayton said that she is talking about employees who interact with the public and passengers know they can ask questions of them. That might be part of your thought process. Someone needs to know that all of the "T"s are crossed and the "I"s are dotted.

Ms. Lee replied that she understood.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 7 through 14, was moved by Commissioner Crayton and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Modification No. 7 (Trade Bid Package Set G) to Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 - McCarthy Building Companies - $1,154,144

| | |
|---|---|
| No. 13-0235 | Resolution approving Modification No. 7, adding Trade Bid Package Set G, to Contract 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1, with McCarthy Building Companies in an amount of $1,154,144, for a new total contract amount of $24,116,972. |

8. Award of Contract No. 8984 - Airport Pavement and Drainage Improvements Azul Works, Inc. - $2,289,769

| | |
|---|---|
| No. 13-0236 | Resolution awarding Contract No. 8984, Airport Pavement and Drainage Improvements, to the lowest responsive, responsible, bidder, Azul Works, Inc., in the amount of $2,289,769. |

9. Authorization to Issue a Request for Proposals for Contract 9404 - Annual Subscription Service for Airport Mass Notification and Emergency Response Management System

| | |
|---|---|
| No. 13-0237 | Resolution authorizing issuance of a Request for Proposals (RFP) for Contract No. 9404, Annual |

Subscription Service for Airport Mass Notification and Emergency Response Management System and authorizing staff to enter into negotiations with the highest ranked proposer.

10. Authorization to Exercise the First of Two One-Year Options To Extend the Term of Contract No. 9013 with Swap Financial Group, LLC through December 14, 2014 and to Use Previously Approved Compensation

No. 13-0238 — Resolution approving Modification No. 1 to exercise the first year option to extend Professional Services Contract No. 9013 with Swap Financial Group, LLC by one year and authorizing the use of previously approved compensation to fund the first option year.

11. Request for Proposals for Contract No. 10003.43 - Temporary Boarding Area B and Security Screening Checkpoint Design Services

No. 13-0239 — Resolution authorizing the Director to issue a Request for Proposals for Contract No. 10003.43, Temporary Boarding Area B and Security Screening Checkpoint Design Services, in support of the Terminal 1 Redevelopment Program.

12. Request for Proposals for Contract 10003.71 - Temporary Boarding Area B and Security Screening Checkpoint Construction Manager/General Contractor Services

No. 13-0240 — Resolution authorizing the Director to issue a Request for Proposals for Contract No. 10003.71, Temporary Boarding Area B and Security Screening Checkpoint Construction Manager/General Contractor Services, in support of the Terminal 1 Redevelopment Program.

13. Authorization to Accept and Expend Donations of $100,000 or Greater to the Airport Capital Improvement Promotion and Event Fund from The Boeing Company, Hensel Phelps Construction Company and United Airlines, Inc.

No. 13-0241 — Resolution approving acceptance and expenditure of donations of $100,000 or greater to the Airport Capital Improvement Promotion and Event Fund from The Boeing Co., Hensel Phelps Construction Co. and United Airlines, Inc., and directing the Commission Secretary to seek approval from the Board of Supervisors pursuant to Administrative

Code Section 10.100-18 which established the Airport Capital Improvement Promotion and Event Fund.

14. Assignment of International Terminal and Terminal 3 Newsstand/Café Lease 12-0085 from Host International Inc. to World Duty Free Group North America, LLC

No. 13-0242 — Resolution consenting to the assignment of the International Terminal and Terminal 3 Newsstands / Café Lease No. 12-0085 from Host International, Inc. to World Duty Free Group North America, LLC.

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G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.
There were no requests from the public to speak.

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H. CORRESPONDENCE:
There was no discuss by the Commission.

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I. CLOSED SESSION:
The Airport Commission voted unanimously to go into closed session. The closed session began at 9:45 AM.

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION / PROSPECTIVE SETTLEMENT

(a) Public comment on all matters pertaining to this agenda item.

(b) Discussion and vote in open session pursuant to the Brown Act (California Government Code §54956.9) and the Sunshine Ordinance (San Francisco Administrative Code §67.10(d)) on whether to invoke the attorney-client privilege and conduct a closed session to confer with legal counsel. ACTION ITEM.

(c) [PROSPECTIVE CLOSED SESSION]

CONFERENCE WITH LEGAL COUNSEL regarding potential litigation as plaintiff or defendant. Significant exposure to litigation pursuant to California Government Code §54956.9(d)(2), and San Francisco Administrative Code §67.10(d)(2)): Anticipated

legal matters arising from the July 6, 2013 crash of Asiana Airlines Flight 214. DISCUSSION ONLY.

There are no other planned agenda items for the closed session. In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in closed session, the Airport Commission may discuss and vote whether to conduct a closed session under the Brown Act (Government Code §54954.2(b)(2) and §54954.5) and the Sunshine Ordinance (Administrative Code §67.11).

(d) [RECONVENE IN OPEN SESSION]

The meeting reconvened at 9:54 AM and a the Commission decided by unanimous vote not to disclose the discussion.

(i) [IF APPLICABLE] Report on action taken in closed session required by the Brown Act (Government Code §54957.1(a)) and the Sunshine Ordinance (San Francisco Administrative Code §67.12(b)).

(ii) Discussion and vote whether to disclose any or all discussions held in closed session (San Francisco Administrative Code §67.12(a)). ACTION ITEM.

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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:55 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**December 3, 2013**

**9:00 A.M.**

**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**



**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
December 3, 2013

AIRPORT COMMISSION MEETING MINUTES
December 3, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:02 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

| | |
|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

* * *

C. ADOPTION OF MINUTES:
The minutes of the special meeting of November 12, 2013 were adopted unanimously.

No. 13-0243

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D. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

1. Modification No. 1 to Contract No. 9240 to Provide General Airport Security Services - HSS, Inc. - $5.9 million

No. 13-0244 Resolution approving Modification No. 1 to Contract No. 9240 with HSS, Inc. for General Airport Security Services to increase compensation in an amount not to exceed $5.9 million for a new total contract amount not to exceed $11.3 million.

Mr. Jeff Littlefield, Deputy Director, Operations and Security said that this item requests approval to exercise Modification No. 1 to Contract No. 9240 with HSS, Inc. This contract provides security guard services around the Airport for post security vendor inspections and general security guard services which include staffing of the exit lanes during TSA checkpoint non operational periods ... from about 1:00 am to 4:00 am when the checkpoints are closed. The services

provided under this contract are completely separate and independent from the contract between the TSA and Covenant Aviation Services, the company performing passenger screening at the checkpoints. In June 2013 the TSA advised SFO and other airports of a proposed plan to require all U.S. airports to staff exit lanes on a 24-hour, 7-day per week basis. Despite significant objections from many airports, associations and throughout the industry, the TSA has directed U.S. airports to assume full control of all exit lanes effective February 2014. Given the circumstances, the most effective manner in which to comply with this mandate is to extend the hours of our exit lane coverage currently being provided by HSS under this contract. The projected cost of assuming these duties is $5.7 million for the remaining 25 month contract term. With this modification, the total amount of the initial 3-year contract award will now exceed $10 million. If approved, staff will seek Board of Supervisors approval, consistent with requirements of the City Charter.

Commissioner Guggenhime asked what happens if we don't do this.

Mr. Littlefield responded that we're required to do this by the TSA. The other alternative, although not up for consideration, is for the airlines do handle this.

Commissioner Johns asked if we're increasing the contract at the same rate as the TSA, or did we renegotiate it?

Mr. Littlefield said that he did not have information on the rates between Covenant and the TSA.

Mr. John Martin, Airport Director said it's the same rate we're paying for our services today.

Commissioner Johns asked if it's the same rate.

Mr. Martin replied that it's less than the TSA.

Commissioner Johns understood that we are required to do this 24/7, but what about after 2:00 AM when no one is around?

Mr. Littlefield replied that we do that today. When the security checkpoint itself is closed between approximately 1:00 am and 4:00 am, HSS guards staff each exit lane because the TSA and Covenant no longer assume that responsibility.

Mr. Ray Sloan asked what "Exit Lane" means." It sounds like a generic term, but I'm guessing it refers to the Terminals. Secondly, what authority does the TSA have over this body? It sounds like they can trump anything, is that right? Who are they ... what legislative body are they? Do they just come in administratively and say this is what you have to do?

Mr. Martin asked Mr. Littlefield to speak with Mr. Sloan after the meeting. The exit lanes are in the Terminals. They have nothing to do with ground transportation

Mr. Littlefield said they are our regulator.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

2. Modification No. 1 to Contract No. 9082A - Job Order Contracting (JOC) Construction Services - Galliera, Inc. dba Trico Construction - $500,000

No. 13-0245 Resolution approving Modification No. 1 to Contract 9082A, Job Order Contracting (JOC) Construction Services, with Galliera, Inc., dba Trico Construction, in an additional amount not to exceed $500,000 for a new total contract amount not to exceed $1,500,000.

Mr. Ivar Satero, Deputy Director, Design Construction & Technology said this item extends the JOC pilot program by modifying the Trico Construction contract in the amount of $500,000. This modification, as allowed by the Administrative Code, will bring the total contract amount to $1.5 million, the maximum amount. There will be no further modifications to the contract. The JOC program at SFO has proven successful on the scale we've implemented. Pricing for the work has been within about 6% of the Engineer's estimates. The most important thing about the success of the program has been the reduction of administrative and staff time in administering processes, but also just how much more quickly we can respond to Airport needs with an average of saving two months of time to respond to small task order type construction services. All of this work is used to supplement Airport maintenance forces when needed and as appropriate. We have been coordinating this contract work to the satisfaction of both the San Mateo Building Trades Council and S.F. Building Trades Council. We'll continue to monitor the JOC program over the next six months and will likely return to the Commission to expand its use and set a longer duration for continuing JOC services.

Commissioner Mazzola said that the general contractors ... Trico ...is supposed to tell you who their subs are, keep a list and see if they're paying prevailing rates. Do we have such a record so far?

Mr. Satero replied that forms are submitted and we do have that information.

Commissioner Mazzola asked if the forms are kept on file?

Mr. Satero replied that they are.

Commissioner Mazzola noted that Mr. Satero said this subsidizes the maintenance program but there is a job listed here for up to $380,000 ... that's not a maintenance job, it's a construction job, correct?

Mr. Satero replied that it is. Our maintenance section does some capital projects. The project in question is fairly significant and they couldn't undertake it because of the size. They have the right of first refusal on capital and maintenance work.

Commissioner Mazzola asked who gets the right of first refusal?

Mr. Satero replied our Airport Maintenance staff.

Commissioner Mazzola asked if we lost workers because of the JOC program?

Mr. Satero replied we did not.

Commissioner Mazzola asked if employees have retired and not been replaced.

Mr. Satero replied that he did not know specific details of maintenance staffing.

Mr. Martin said that maintenance positions were added last year and new positions were added in this years budget as well.

Item No. 3 was moved by Commissioner Stern and seconded by Commissioner Johns. The vote to approve was 3-1, with Commission Mazzola casting the dissenting vote.

3. Award Contract 9365 - Boarding Area A Checkpoint Expansion - Galliera, Inc. dba Trico Construction - $945,583

No. 13-0246 Resolution awarding Contract No. 9365, Boarding Area A Checkpoint Expansion to the responsible bidder with the lowest responsive bid, Galliera, Inc., dba Trico Construction, in the amount of $945,583.

Mr. Satero said that this adds a checkpoint screening lane at the International Terminal Boarding Area A Checkpoint. The lane is in preparation for the upcoming Terminal 1 program. With the Alaska Airlines move into the International Terminal there's going to be added demand on this checkpoint. Also, we're aware that International Terminal airlines operating out of Boarding Area E are up-gauging to larger aircraft, further increasing demand on this checkpoint, so we're proposing to increase the checkpoint capacity by adding a lane. On a related note, as Jeff remarked, we will be taking over exit lane security and will likely return to the Commission for authorization for a bid call to investigate exit lane technology to help offset some of the staffing costs. Because of the desire to get this work done quickly, we're proposing to proceed with this added checkpoint lane. Seven bids were received on this contract and a protest was received from the third low bidder, Trico Construction, on the bid submitted by Reva Murphy Associates alleging non-compliance with LBE requirements. The City's Contract Monitoring division and City Attorney did a thorough review and found that the protest had merit ... there were non-compliance issues. We received a letter from Reva Murphy after the drafting of this item, however, the letter was not responsive to the points of the protest. We're proposing award of the contract to Trico, the apparent low bidder after applying the 10% bid preference. They have committed to achieving 31.6% LBE subcontractor participation, which is well in excess of the 16% goal. We recommend approval.

Commissioner Guggenhine asked if the LBE participation is a goal ... is it a mandate or a request?

Mr. Satero replied it's a mandate ... a requirement.

Commissioner Johns thought that the TSA mandated that all exit lanes be covered, so how could we technologically help ourselves?

Mr. Satero replied that there are new technologies that are piloted at other airports that monitor the exit lane through the use of infrared arrays and CCTV cameras. Some airports have taken on pilots to do that and that's a technology we would be looking at as well.

Commissioner Johns asked if we now have something in the process for all exit lanes, or just this one.

Mr. Satero said we'd like to pilot it to see how it works because we want to ensure that we maintain the appropriate level of service for our passengers. There are different ways of accomplishing it and some are more burdensome to passengers than others, so we want to try a pilot and are looking at those options now. This is strictly to prevent passenger's from backtracking through security once they exit, or from people trying to come through the exit lane to try to get past security ... that's what it prevents. We need some way to protect it at all times.

Commissioner Mazzola asked if some contractors don't get the 10% because they're not local, is that what it is?

Mr. Satero replied yes.

Commissioner Mazzola asked if local meant San Francisco or the Bay Area.

Mr. Satero replied San Francisco only ... certified by the City.

Commissioner Mazzola said so if they get 10% off their bid, or however you do it, why would these other folks bid?

Mr. Satero said it's alot to overcome for a bidder but, we still are pretty successful in getting LBE bids and they're hoping that they can overcome that 10%. I think that the people who get the 10% tend to push up their bid to try to maximize the profit they receive. There are firms that prevail, even against the bid preference.

Commissioner Mazzola said that he spoke with Ms. Bregman before the meeting and understood that there's an amount of money you can earn each year to maintain your LBE status .. is it $14,000,000 a year. So, these contractors that make $13,500,000 a year, can be an LBE every year. We see the same names contract after contract after contract. These other guys who take time to bid, and they're fair contractors, really don't have a chance. I don't understand the program very well so I need someone to try to help me out. I understand that it's a City thing, but it's not fair, or it doesn't come out fair at the Airport. I need someone to tell me why. Is there any reason why I should vote for this.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Authorization to Issue a Request for Proposals for Contract No. 10506.43 - Automated Passport Control Kiosks

No. 13-0247 Resolution authorizing staff to issue a Request for Proposals for Contract 10506.43, for Installation and Maintenance of Automated Passport Control (APC) Kiosks in the International Terminal, and authorizing staff to enter into negotiations with the highest ranked proposer.

Mr. Littlefield said that we are requesting authorization to issue an RFP for the installation and maintenance of Automated Passport Control (APC) Kiosks at SFO. In order to improve overall efficiency and decrease wait times for International arriving passengers, the Airport would like to install APC Kiosks in the Federal Inspection Service area. The Airport and U.S. Customs continue to work closely together to streamline and enhance the passenger experience, particularly during peak arrival periods. Through the use of technology, these kiosks allow passengers to move more quickly through the Customs process upon their arrival into the United States. The process allows passengers to complete the required travel documentation (declaration forms) electronically and transmit their passport and flight information to Customs from the APC Kiosks. This significantly decreases the wait time and inefficiency of passenger processing in the Customs area. These kiosks were put into use at Chicago O'Hare and reflect up to a 58% reduction in wait times of greater than one-hour during their peak arrival period after installing the APC Kiosks. Average wait times overall were reduced by 33%. In addition to O'Hare, Vancouver and Dallas airports have also implemented use of APC Kiosks with favorable results. This technology-based enhancement would compliment the many customer service related initiatives already in place at SFO and would improve the International arrivals experience.

Commissioner Guggenhime said I think this is a terrific idea. This applies only to U.S. citizens, correct?

Mr. Littlefield replied yes.

Commissioner Guggenhime said we're going to install at least 30 of them.

Mr. Littlefield said we're looking at 40, but at least 30, correct.

Commissioner Guggenhime said that if it's anywhere similar to global entry, you don't have to fill out the form when people come into the country regarding what you have and where you came from. You do it online and it will speed things up dramatically. You have a lot of planes arriving from overseas at one time, creating a 35, 45 minute wait, even for U.S. citizens. This cuts down the time by 1/3. I think it's a great idea.

Commissioner Johns asked how many languages it offers, or is it English only?

Mr. Littlefield said that we will have to specify that in the RFP.

Commissioner Johns asked if O'Hare had English only.

Mr. Littlefield said that he will get back to the Commission with those specifics, but imagined that it would be offered in multiple languages.

Commissioner Johns asked if airlines would be providing information on where the kiosks could be found.

Mr. Littlefield replied yes, because of the mutual benefit to the airlines, the Airport, Customs, and the passenger, it would be thoroughly communicated and promoted by all parties.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 5 through 16, was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Modification No. 3 to Contract 9024.9 - Construction Management Services for the International Terminal and Boarding Area F Checked Baggage Inspection System Modernization Program, Boarding Area A Checked Baggage Inspection System Activation and the International Terminal Baggage Handling System Improvements Project - CAGE, Inc. - $810,286

| | |
|---|---|
| No. 13-0248 | Resolution approving Modification No. 3 to Contract 9024.9, Construction Management Services for the International Terminal and Boarding Area F Checked Baggage Inspection System (CBIS) Modernization Program, Boarding Area A CBIS Activation and the International Terminal Baggage Handling System Improvements Project to increase the not to exceed amount by $810,286 and increase the contract completion date six months for a new total contract amount not to exceed $7,000,000 and a new contract term of 39 months, ending June 30, 2014. |

Commissioner Johns asked why the alarm rates are higher than expected.

Mr. Satero said that the new technology is causing this. The new CTX 9800 does a lot more slicing through the baggage than the 9000.

Commissioner Johns asked if they are false alarms or are they legitimate alarms.

Mr. Satero said they are alarms that are required to be cleared. First, it goes through a phase of clearing by what's called on-screen resolution and if it can't be

cleared, it goes through a 2nd phase of screening.

Commissioner Johns said they can't clear it if they can't determine what the item is. What are we going to do to improve this?

Mr. Satero said that it's a TSA issue. You can't do a broad deployment of these new machines given the current alarm rates. The people who work on these are learning about their performance and looking at different options to try to help things out. But, it's the TSA's course of action and we're working very closely with them to help them understand the challenges we face.

Commissioner Johns asked if this is reimbursable.

Mr. Satero replied that it's a 90% reimbursable.

6. Award of Professional Services Contract No. 9364 - Provide As-Needed Natural Resources Planning Services - ICF Jones & Stokes, Inc. - $500,000

No. 13-0249 Resolution awarding a Professional Services Contract 9364 to ICF Jones & Stokes, Inc. for As-Needed Natural Resources Planning Consulting Services in a total contract amount not-to-exceed $500,000 for a 5-year term.

7. Authorization to Issue a Request for Qualifications/Proposals for Contract No. 10512.66, Design-Build Services for Lot D Improvements and Parking Access Revenue Control System (PARCS) Automation

No. 13-0250 Resolution authorizing issuance of a Request for Qualifications/Proposals for Contract 10512.66, Design-Build Services for Lot D Improvements and PARCS Automation.

Commissioner Johns noted that she read that this contract was not to be awarded on a low bid basis. Why is that?

Mr. Satero responded that this is a qualifications-based selection because of the complexity and the technology. It's an RFP process that's like our other design-builds that are best value. There is a cost evaluation but there's also a qualifications evaluation as well. It's not strictly low-bid.

Commissioner Johns asked if they wouldn't they have to be qualified.

Mr. Satero replied that they have to be qualified. There is a minimum qualifications requirement.

Commissioner Johns asked if you go to the lowest bidder once your through the minimum qualifications.

Mr. Satero responded that there is then a qualifications-based evaluation to determine the most qualified. Then, in accordance with the Administrative Code, 35% of the weighting of the score goes to the most qualified, and 65% is based on cost.

8. Execution of an Amended and Restated Letter of Credit and Reimbursement Agreement with JPMorgan Chase Bank, National Association to Secure the Airport's $215,970,000 Second Series Variable Rate Revenue Refunding Bonds Series 2010A thru January 31, 2014 and Approval of Certain Related Actions

No. 13-0251 — Resolution authorizing the execution of an amended and restated Letter of Credit and Reimbursement Agreement with JPMorgan Chase Bank, National Association, to extend the existing Letter of Credit for an additional 3-years.

Commissioner Johns said that this sounds appropriate to me because of the lower interest rate.

Commissioner Guggenhime said that you have a Letter of Credit to back up the bonds.

Ms. Denise Martinez, Acting Deputy Director, Business and Finance, said the existing Letter of Credit expires in January. We have a pool of providers of letters of credit. We request they give us what the rates would be. It's evaluated by our Financial Advisors and Airport staff. This happens to be the lowest rate and it happens to be the current provider. It will save us $1.1 million over the course of the three years, which is a good result. We need these letters of credit in order to back our variable rate bonds and our commercial paper. We'll have three more of these coming up before the end of this next fiscal year.

9. Modification No. 1 to Contract 9112R - Customer Surveying and Service Benchmarking Associated with the Aviation Service Quality Program - Airports Council International - $50,000

No. 13-0252 — Resolution approving Modification No. 1 to Contract 9112R with Airports Council International to increase amount by $50,000 for a new total not-to-exceed amount of $225,000 to perform customer surveying and service benchmarking associated with the Aviation Service Quality Program.

10. Award of Contract No. 9262 - Bay Area Airports Ground Access Survey Corey, Canapary & Galanis Research - $285,000

No. 13-0253 — Resolution awarding Contract 9262, Bay Area Airports Ground Access Survey, to Corey, Canapary

& Galanis Research for a period of two years in an amount not to exceed $285,000.

11. Award Contract 9344 - Hotel Development Consulting Services - Jones Lang LaSalle Americas - $150,000

No. 13-0254 Resolution awarding Contract 9344 to Jones Lang LaSalle for Hotel Development Consulting Services with an initial funding not-to-exceed $150,000 for a term of three years with two one-year options.

12. Bid Call - Contract 9319 - Domestic Terminals Lower Level Crosswalk Lighting

No. 13-0255 Resolution approving the scope, budget, and schedule for Contract No. 9319, Domestic Terminals Lower Level Crosswalk Lighting, and authorizing the Director to call fro bids when ready.

13. Authorization to Submit Fiscal Feasibility Study for Plot 700 Development Project to include Ground Transportation and Bus Maintenance Facilities to the Board of Supervisors

No. 13-0256 Resolution authorizing staff to submit a Fiscal Feasibility Study for the Plot 700 Development Project to the San Francisco Board of Supervisors.

Commissioner Johns asked for an explanation.

Mr. Satero said that our objective is to consolidate several functions into a back of house area of the Airport behind the Maintenance base. There are operations that get displaced from the Terminal 1 program and we were taking the opportunity to put Ground Transportation, car wash facilities, refueling stations into Plot 700. This requires an environmental review process and a feasibility study. It's about consolidating disparate functions. We have GTU over here and a car wash facility over there, a gas station, so we're looking at this as an opportunity to consolidate.

This is a United lease space that they are returning to the Airport. They were using it for parking behind the MOC ... Maintenance base.

Commissioner Johns asked about the timeline ... when will it be finished?

Mr. Satero responded within two years.

14. Approval of a Lease with Southwest Airlines Co.

No. 13-0257 Resolution 1) Approving a Lease with Southwest

Airlines Co. for Cargo Warehouse and Office Space in Cargo Building No. 606 on Plot 9B; and 2) Directing the Commission Secretary to forward the Lease to the Board of Supervisors for approval.

15. Assignment of Domestic Terminal Food and Beverage Lease No. 03-0187 from Luna Azul Corporation to Urban Tortilla, Inc.

No. 13-0258 — Resolution consenting to assignment of Domestic Terminals Food and Beverage Lease No. 03-0187 from Luna Azul Corporation to Urban Tortilla, Inc.

16. Assignment of Electronics and Technology Stores in Terminals 2 and 3 Lease No. 10-0038 from Edge 1 Cellular, L. P. to InMotion Entertainment Group, LLC

No. 13-0259 — Resolution consenting to the assignment of the electronics and technology stores in Terminal 2 and Terminal 3 Lease No. 10-0038 from Edge 1 Cellular, L.P. to InMotion Entertainment Group, LLC.

* * *

G. NEW BUSINESS:
Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

Commissioner Guggenhime said that he does not understand LBE requirements and asked for an explanation ... not in a Commission meeting. I understand that San Francisco contractors ought to be under guideline advantages but, if someone spends a lot of time putting together a bid I want to understand it better.

Mr. Martin said we'll make sure to provide briefings.

Commissioner Mazzola said that he would like to attend that meeting. He hasn't understood it for the past 20 years. It used to be the WBE and LBE, but its changed names over the years many times. I used to graduate them cheaper, now you don't graduate them at all. Whenever you have that meeting, I'd like to attend.

Commissioner Mazzola said the next Commission meeting is Monday, December 23rd.

* * *

H. CORRESPONDENCE:
There was no discussion by the Commission.

* * *

CLOSED SESSION:
The Airport Commission did not go into closed session.

There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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J. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:33 AM.

Jean Caramatti
Commission Secretary

# SAN FRANCISCO AIRPORT COMMISSION

# MINUTES

**December 23, 2013**
**Special Meeting**

**9:00 A.M.**



**Room 400 - City Hall**
**#1 Dr. Carlton B. Goodlett Place**
**(400 Van Ness Avenue)**
**City and County of San Francisco**

## EDWIN M. LEE, MAYOR

**COMMISSIONERS**
**LARRY MAZZOLA**
**President**
**LINDA S. CRAYTON**
**Vice President**
**ELEANOR JOHNS**
**RICHARD J. GUGGENHIME**
**PETER A. STERN**

**JOHN L. MARTIN**
**Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT**
**SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
December 23, 2013

AIRPORT COMMISSION SPECIAL MEETING
December 23, 2013

A. CALL TO ORDER:
The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

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|---|---|
| Present: | Hon. Larry Mazzola, President<br>Hon. Eleanor Johns<br>Hon. Richard J. Guggenhime<br>Hon. Peter A. Stern |
| Absent: | Hon. Linda S. Crayton, Vice President |

* * *

C. ADOPTION OF MINUTES:
The minutes of the regular meeting of December 3, 2013 were adopted unanimously.

No. 13-0260

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D. SPECIAL ITEMS:
Item No. 1 was moved by Commission Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Retirement Resolution for Mr. Sieu Mach

No. 13-0261 Resolution thanking Mr. Sieu Mach of the Facilities/ Custodial Services Section for 30 years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. John Martin, Airport Director, said that Mr. Mach is retiring after 30 years of service in the Airport Custodial department. He worked in all of the Terminals and ended his career working at the Airport Rental Car Center. He's always been dependable, very quick to adapt to day to day operational needs, takes great pride in the Airport and shares that pride with his co-workers. He's a very hard worker. I've seen him many times as I walk around the Airport. He's been a great person to have on our team. Thank you Sieu Mach.

Commissioners congratulated Mr. Mach on his retirement.

Mr. Mach thanked the Commission.

Item No. 2 was moved by Commission Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

2. Retirement Resolution for Ms. Carrie Chan

No. 13-0262 Resolution thanking Ms. Carrie Chan of the Facilities/Custodial Services Section for 25 years of faithful service and to offer best wishes for a long and fruitful retirement.

Mr. Martin said that Ms. Chan is also retiring from the Custodial department after 25 years. She has been commended by her Supervisor and team members for her willingness to take on new duties and assist in training new staff. She was always vigilant and promoted safety and security. Most recently she worked in maintaining cleanliness in the U.S. Customs area and was proactive in promoting security in that area. We thank Ms. Chan for her outstanding dedicated service to the Airport over 25 years.

Commissioners congratulated Ms. Chan on her retirement.

Ms. Chan thanked the Commission and all of the Airport Supervisors.

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E. ITEMS INITIATED BY COMMISSIONERS:
There were no items initiated by Commissioners.

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F. ACTION ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:
Item No. 3 was moved by Commission Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

3. Award of Contract No. 8671C - Runways 1-19 Runway Safety Area (RSA) Improvements - Golden Gate Constructors, Joint Venture - $87,429,594

No. 13-0263 Resolution awarding Contract 8671C, Runways 1-19 RSA Improvements, to the responsible bidder with the lowest responsive bid, Golden Gate Constructors, J.V., in the amount of $87,429,594.

Mr. Ivar Satero, Deputy Director, Design, Construction and Technology said this contract awards Phase II construction of the Runway Safety Area program and essentially completes all work to meet the FAA's Runway Safety Act Mandate approximately one year ahead of schedule. As you recall, the Airport completed the Phase I work in this June, bringing the 10-28 runways into full compliance with the RSAs. This work will focus on 1-19 runways and upon completion the 1-19s will be fully compliant with FAA standards. The work includes shifting the runway thresholds, reconstructing taxiways to these new thresholds, relocating the FAA navigational aide equipment and all of the infrastructure this supports this. The

result is that following construction, the lengths of the runways will essentially remain unchanged, or, as in the case of 19R, will be a little longer. It's approximately a 4-month duration for the runway closure work and with early completion, the contractor is eligible to achieve up to $2,000,000 in incentive bonus which may reduce the closure period to three months.

Two bids were received. The responsive low bid was from Golden Gate Constructors, a joint venture of DeSilva Gates and Pavex. Their $87.4 million bid is approximately 12% over the Engineer's estimate. Based on our review, we feel that the difficulty of construction, the damages associated with late completion, and a few other factors likely led to this, as well as the cost associated with achieving the incentive bonus. We think the bid is appropriate and is a fair representation of the cost of the work given the risky nature of this construction. The overall program forecast with this award is approximately 5% over budget. It's a significant but not overly significant amount and we believe we have strategies to mitigate the budget overrun to a large extent. Part of the mitigation strategies will include adding $4,000,000 for additional scope. We're also looking at some cost reduction opportunities, working with the contractor at achieving some efficiencies and looking to develop a partnering goal of up to $4,000,000 in cost savings. We're anticipating an underrun of our contingency expenditures on these contracts and if we're in line with our other contracts (we've used about 5% construction contingency but we budgeted for 7.5%) we anticipate there will be some savings. For the overall program we are essentially on budget at about $214,000,000. Funding will be provided from the RSA Program budget with up to 67% of that reimbursed through the FAA AIP. Although there are no LBE goals, Golden Gate Constructors has committed to 2.1% participation.

Item No. 4 was moved by Commission Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. <u>Modification No. 8 (Trade Bid Package Set H) to Contract 8226A - Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1 - McCarthy Building Companies - $3,741,295</u>

No. 13-0264 — Resolution approving Modification No. 8, adding Trade Bid Package Set H, to Contract No. 8226A, Design-Build Services for West Field Cargo Redevelopment Facility, Phase 1, with McCarthy Building Companies, in an amount of $3,741,295, for a new total contract amount of $27,858,267.

Mr. Geoff Neumayr, Associate Deputy Director, Design, Construction & Technology said this modification awards Trade Bid Package Set H providing for site concrete work, site work demolition, asphalt paving and striping, dorm frame and hardware in the amount of $3.7 million, for a new total contract amount of $27.9 million. The current contract amount includes an uncommitted allowance of $1,000,000 authorized at the time of this contract award. When the guaranteed maximum price is finalized for this contract, the uncommitted allowance will be deducted from the contract amount. Staff continues to forecast a cost of

completion of $27,000,000, or on budget performance. The appropriate cost contingencies will remain and are included in the forecast. In accordance with the Administrative Code, the trade bid packages were competitively bid to a minimum of three qualified bidders. The bids are reasonable and well within an acceptable range of the Engineer's estimate. McCarthy is committed to achieving 50% LBE subcontractor participation and is currently achieving 18.1% participation.

Item No. 5 was moved by Commission Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

5. Execution of an Amended and Restated Reimbursement Agreement with State Street Bank and Trust Company for a Five-Year Extension of State Street's Existing Letter of Credit Supporting up to $100 Million of Subordinate Commercial Paper Notes and Approval of Certain Related Actions

No. 13-0265 — Resolution approving execution of an amended and restated reimbursement agreement with State Street Bank and Trust Company to extend State Street's existing Letter of Credit supporting the Airport's Commercial Paper notes for an additional five years.

Mr. Leo Fermin, Deputy Director, Business and Finance said we use Letters of Credit to secure short term commercial paper notes that provide interim financing at very low interest rates. This past April, we executed a $100,000,000 line of credit with Royal Bank of Canada. In June we executed another $100,000,000 LOC with Wells Fargo Bank. The approval before you renews a third LOC of $100,000,000 at half the cost of the expiring Letter of Credit. We are authorized to issue up to $400,000,000 of commercial paper, however, we have actually activated only $300,000,000 and we currently have $300,000,000 of LOC in place today. We have outstanding only $13,000,000 in commercial paper that we have actually issued of the $300,000,000 that we have activated. We are planning to increase this amount by possibly $100,000,000, to the full $400,000,000 this Spring because of the Terminal 1 Renovation Program and the Terminal 3 Renovation Program. We will return most likely in April or May of next year for this additional $100,000,000 if we decide to do that.

Commissioner Guggenhime asked what fee we were paying before the LOC.

Mr. Fermin replied the expiring fee is .97% interest for the utilized portion of the Letter of Credit that will be reduced to 0.52%, roughly half for the unutilized portion. It will decrease from 0.75% to 0.36%, so this is a great savings overall.

Commissioner Guggenhime asked why you need more Letters of Credit if you have lesser need for them? It sounds like you have excess, already committed Letters of Credit over what you're borrowing or issuing.

Mr. Fermin said right ... we're preparing for the 10 Year Capital Plan Program that will come up in the next several years. With the Terminal 3 Renovation Program, we find that Letters of Credit are a very cheap way to finance construction work in

progress. So even though today we hardly have any outstanding commercial paper, we expect to have to tap into our available program for at least $300,000,000 and possibly $400,000,000, so we're preparing for that.

Commissioner Guggenhime asked if the interest rates float, or are they fixed.

Mr. Fermin replied they're fixed.

Item No. 6 was moved by Commission Johns and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

6. Award of Professional Services Contract No. 9299 - Guest Service Enhancement Services - Customer Service Experts, Inc. - $900,000

No. 13-0266 Resolution awarding Professional Services Contract No. 9299 to Customer Service Experts, Inc. to perform all activities related to the Guest Service Enhancement Program.

Ms. Kandace Bender, Deputy Director, Communications and Marketing said this item requests award of a Professional Services Contract to Customer Service Experts, Inc. for a variety of guest enhancement services at the Airport. We seek to provide our guests with world class customer service from all employees of our Airport community, both Commission and non-Commission. Our goal is to make passengers feel as though they're receiving hotel concierge type service at SFO. A year and a half ago the Commission approved a pilot program for professional customer service training for Airport employees and over a period of three months more than 700 employees, both Commission and non-Commission, including TSA, Covenant, Police, Fire and airlines participated in the training program. At the end of the program an online survey revealed that 96% said it had been very useful and they would like to see it continue and be elevated to the next level.

An RFP was issued and three responses were received. The top two scoring firms were invited back for oral interviews, and based on the scoring, we are recommending the Commission award the contract to Customer Service Experts, Inc., a Maryland based company. They have served and have listed among their clients, Reagan National Airport, Seattle, Atlanta. Miami. They've worked with more than 70 airport concessions across the country. They do work with the Smithsonian and numerous other companies and come highly recommended. In the next five years we anticipate that they will continue the professional customer service training with all employees and create a computer based training module for new employees when they are badged so they go through a customer service process. We also want to develop an Airport academy which would provide basic information or a curriculum for employees as they begin work at SFO.

Commissioner Johns understood that Customer Service Experts had a higher score, but if everyone was pleased with Interactive Dynamics Solutions ... is that a local based company.

Ms. Bender replied that they are based in Atlanta. They're both out of state.

Commissioner Johns said that if you like the present company are you obligated to take the highest score, or could look at the company that finished second?

Ms. Bender said that they're both very good but this company that we're recommending was that much better. They were both excellent. We are very happy with both of them.

Commissioner Johns noted that the TSA participated ... can we ask TSA employees to take classes?

Ms. Bender said it was voluntary. We have a good working relationship with all of those agencies. We spoke to the head of the TSA and he asked his employees if they would like to participate, and they did.

Commissioner Johns asked Ms. Bender if she thought it would continue in the future.

Ms. Bender replied that she did. I think everyone wants the same thing ultimately and we have good team work there. I was surprised that airlines wanted to participate as well.

Commissioner Johns asked if this will be an on-going opportunity for customer training on a volunteer basis from these other entities, but more or less built in to the Airport employee program?

Ms. Bender replied yes. We'll be training all Commission employees and as many people as we can get from our tenants and other agencies, however, the computer based training module will be required of all employees when they go for badging renewal.

Commissioner Johns asked about restaurant employees.

Ms. Bender replied that they could be trained as well.

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G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:
The Consent Calendar, Item Nos. 7 thru 11, was moved by Commissioner Guggenhime and seconded by Commissioner Stern. The vote to approve was unanimous.

7. Award Contract 9263 - Airport Security Consultant Services - Ross and Baruzzini - $655,840

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| No. 13-0267 | Resolution awarding Contract 9263, Airport Security Consultant Services, to Ross and Baruzzini in an amount not to exceed $655,840 for a period of three years, effective Jan. 1, 2014, with one 2-year option exercisable at the sole discretion of the Commission. |

8. Reimburse Costs Associated with Relocating United Airlines Global Services Office and the Terminal 3 East Improvements Project to Hudson Group Retail, LLC - $122,818.74

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| No. 13-0268 | Resolution approving the reimbursement to Hudson Group Retail, LLC in the amount of $122,818.74 for costs associated with the relocation of United Airlines Global Services Office and the Terminal 3 East Improvement Project. |

9. Approval of Revised Lease Specifications, Minimum Qualifications and Proposal Requirements, and Authorizing Staff to Accept Proposals for the Boarding Area C Coffee Shop Lease

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| No. 13-0269 | Resolution approving the revised lease specifications, minimum qualifications and proposal requirements, and authorizing staff to accept proposals for the Boarding Area C Coffee Shop Lease. |

10. Reimburse American Airlines for Maintenance of the Passenger Boarding Bridge at Gate 59 - $17,504.92

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|---|---|
| No. 13-0270 | Resolution approving a one-time rent credit to reimburse American Airlines, in an amount not to exceed $17,504.92, for actual costs associated with maintaining the passenger boarding bridge at Gate 59 in Terminal 2. |

11. Amendment No. 4 to Lease with the United States of America

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| No. 13-0271 | Resolution approving Amendment No. 4 to Lease No. HSTS02-09-A-CAN348 with the United States of America for land to be used by the U.S. TSA for placement of National Explosives Detection Canine Program explosive storage materials. |

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H. NEW BUSINESS:

Discussion only. This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone and submit it to the Commission Secretary.

There were no requests to speak from the public.

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I. CORRESPONDENCE:
There was no discussion by the Commission.

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J. CLOSED SESSION:
There are no planned agenda items for a Closed Session for the current meeting.

In the event of any urgent matter requiring immediate action which has come to the attention of the Airport Commission after the agenda was issued and which is an item appropriately addressed in Closed Session, the Airport Commission may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5) and Sunshine Ordinance (San Francisco Administrative Code Section 67.11).

If the Airport Commission enters Closed Session under such circumstances, the Airport Commission will discuss and vote whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1) and Sunshine Ordinance (San Francisco Administrative Code Section 67.12).

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K. ADJOURNMENT:
There being no further calendared business before the Commission the meeting adjourned at 9:19 AM.

Jean Caramatti
Commission Secretary

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